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GOVERNMENT ACTION PLAN FOR OCT 82-MAR 84

PY221540 Buenos Aires LA NACION in Spanish 21 Oct 82 p 12, 13

[Summary of government plan drafted by the Argentine executive branch for the period October 1982-March 1984, released in Buenos Aires on 20 October]

[Text] The military junta has established the guidelines allowing the PEN [National Executive Branch] the necessary freedom of action to draw up a government plan of action which will encompass the period October 1982-March 1984. This plan is designed to facilitate -- drawing on the opinions of political, social and economic sectors -- orderly progress toward the attainment of a fully republican, representative and federal democracy by the first quarter of 1984 at the latest.

The summary of the plan of action prepared according to these guidelines provided herewith has been assembled in the following manner:

First document: Presidential directive establishing general and sectorial objectives for ministries and secretariats under the jurisdiction of the Presidency.

Second Document: Government program outlining the actions deemed necessary for the attainment of each of the assigned objectives. Each action is provided with a timetable for its execution and the appropriate coordination channels are set forth to assure that it will be coherent.

This program is further complemented with three annexes: .

Annex 1. Public Investment Program for October-December 1982 (released on 10 October 1982)

Annex 2. Budget for 1983 (estimated release in December 1982)

Annex 3. Public Investment Program for 1983, (estimated release in December 1982)

The Planning Secretariat was charged with the appropriate coordination and reconciliation during the process of drawing up the plan of action.

The plan also establishes the guidelines for each area to reduce public expenditures, especially as regards operational expenses, and to efficiently control the effectiveness of these expenditures at every executive level.

General Guidelines and Summary of the Main Aspects of the Program

In drawing up this program, the national government has set for itself the general objective of carrying out effective and coordinated government action aimed at attaining and maintaining a status quo marked by security and legal order, social and economic improvements and greater administrative efficiency capable of giving rise to political and institutional conditions suitable for restoring the Constitution to its full validity within the timetable established by the military junta.

Interior Ministry

During this period, the Interior Ministry must urgently implement the political and institutional actions necessary to normalize the institutions and to create -- by preserving peace, public order, security and its own utmost neutrality -- an atmosphere of trust and participation capable of leading us to the attainment of this objective.

In this regard, every action necessary to set up the various mechanisms and stages required to bring about institutional normalcy is provided for.

This ministry has also outlined actions aimed at revitalizing provincial authorities by means of a proper decentralization in keeping with the federalist principles of our Constitution and the effective participation of the governors in national decisions that could have an effect within their jurisdiction or are related to their area of influence.

Furthermore, this ministry has made the provisions necessary to continue seeking solution to interprovincial border problems and to adjust the system of federal tax sharing in agreement with national and provincial government sectors.

With the help of the appropriate organization, it will seek to progressively update royalties so they can yield greater benefits for the areas which generate them.

This ministry also foresees specific actions designed to channel the investments controlled by the Regional Development Fund toward regions of lesser relative economic and social development. During the first stage, top priority will be given to the Patagonian region.

Ministry of Foreign Relations and Worship

The government plan foresees actions directed at maintaining sustained international autonomy without detriment to seeking more effective participation at the regional and world level. Actions related to Latin American integration, and particularly to territorial sovereignty, will be emphasized. The plan provides for increasingly active participation in international organizations both directly and through the policies and strategies of groups of nations to which Argentina belongs whenever it is deemed appropriate.

Coordination mechanisms are set up between the Foreign Ministry and other state and private organizations to secure their coherent support and assistance for foreign policy.

Furthermore, the plan includes actions to stimulate active participation in subregional organizations and emphasizes the aspects related to the need to endow the national foreign service with the standing and elements necessary for expeditious fulfillment of its duties.

It foresees stimulating a policy of active participation in the development of the River Plate Basin regarding the shared utilization of the rivers.

Justice and Defense

For this ministry, the government plan establishes actions aimed at strengthening legal order, improving the organization and effectiveness in the administration of justice and upgrading its standing, independence and stability, drawing up the legislation conducive to institutional progress and consolidating the national system of legal information with regard to its legislative aspects and other regulations on standards, law, bibliography and doctrine.

It also includes measures related to the progressive improvement of the legal infrastructure of the federal penitentiary service and the penitentiary system in general in order to seek a better readaptation of the inmates, suitable treatment for those on trial and effective coordination of postpenitentiary assistance.

The plan also provides for the modernization of the records under the jurisdiction of this ministry through the installation of proper computerized systems.

Full support will continue to be given to the office of the national attorney for administrative investigations.

The actions outlined in this area emphasized the strenthening of border areas, the integration and linking of the national territory of Tierra del Fuego, Antarctic and the South Atlantic islands with the continent, and the encouragement of activities related to critical strategic inputs so as to reduce dependence on foreign sources for technology and production.

The program assigns special priority to the activation of the Bahia Blanca petrochemical complex, to the development of aluminum and other light metals, and to the effective (?and) permanent presence of Argentina in the Antarctic, as well as to scientific and technical research.

Economy Ministry

The government action plan for the economic area does not display ambitious characteristics. However, it deals with the basic problems that are currently besieging Argentina's economy and lifestyle.

Basically, this ministry is assigned objectives and actions aimed at correcting the current economic situation so as to bring about socioeconomic improvement in the country in order to provide political support for government actions. The basic premise is that the nation's material and moral reserves are intact even though it is undergoing difficulties, some of which the world is not indifferent to.

Reactivation of the Economy

Thus, the program is aimed at reactivating the economy by stimulating economic activities and the proper handling of financial mechanisms, firming up and adding to the measures already implemented regarding the settlement of debts, the forward exchange rate, the refinancing of exports, etc, all of which are examples of the government's desire to implement the measures necessary to alleviate the pressing problems of economically healthy enterprises.

To this must be added the exchange policy, which is designed to stimulate exports while seeking to keep intact the balance of prices between national and imported goods, which should be preserved at all times. This policy and the economic reactivation that will result from the public works and housing programs will become significant incentives for economic activity in general.

The public works plan seeks to bring about the reactivation of enterprises while changing their expectations, leading to new investments by these enterprises in other fields, investments which will have favorable effects on fiscal revenues.

On this premise, the program seeks to combine the efforts toward the better utilization of available economic resources, whose inactivity is harmful, with the desire to improve the supply of goods and services in keeping with a price policy adjusted to the expected deceleration of inflation.

Increase of Production and Employment

A reasonable increase in production and employment will be the only solid guarantee for a gradual and true increase in the real wages and the well-being of the Argentine family. At the same time, this is the only way to rebuild a prosperous economy, whose decline can be explained only by the constant gnawing away of rampant inflation.

The problems which the foreign sector are experiencing have made it necessary to set up a new timetable for debt payments by guaranteeing a reasonable balance to prevent exchange rate conflicts. In turn, the monetary and fiscal policies seek to contribute to this reactivation and to reduce the threat of inflation as long as financial expenditures maintain an adequate proportion in the cost structure and growing revenues help to improve the proper utilization of public expenditures. This program seeks to:

Create an Atmosphere of Confidence

1) To create the atmosphere of confidence capable of reactivating the productive apparatus by increasing the production of goods and services and carefully taking into account the regional economies of inland Argentina.

2) To increase employment and therefore, the real income of the salaried workers, and the effective utilization of productive resources.

3) To improve the level of real wages by adjusting them to the process of reactivation.

4) To decelerate the inflation rate.

5) To give priority attention, as an independent factor, to investments in public works and housing so that, because of its magnitude, it will have an escalating effect on the productive apparatus while reducing the use of imported inputs as much as possible.

6) To increase the production of exportable goods and those capable of substituting for goods currently imported.

7) To maintain a realistic exchange rate, avoiding overvaluations and undervaluations and adjusting it to the variations of international prices and the increase in the prices of nonmarketable goods.

8) To reorganize the financial system and implement a monetary and credit policy that can help attain economic reactivation while preserving family savings and stimulating enterprises to make productive investments; and to ensure that the official banking enterprises fulfill their basic cuty of encouraging development.

9) To improve the foreign debt situation and rebuild an adequate level of international reserves.

10) To reorganize and make more efficient public accounting, improve the budget structure and adjust the need for funds to the level compatible with the need to reduce inflationary pressure.

11) To improve the tax system by simplifying it and increasing the efficiency of the collecting agency while controlling tax evasion.

12) To reorganize the finances of the provinces and state-controlled enterprises and corporations.

Tax and Customs Moratoriums

The measures for the attainment of the above objectives in the financial area include, among others, the tax moratorium announced earlier, a customs moratorium, adjustment of the tax on profits, and adjustments of the value added tax in order to bring that tax in line with the economic capacity of those subject to it.

The plan also provides for actions designed to reconcile the level and structure of public expenditures with the resources available so that -- in keeping with the overall policy for economic reactivation -- the financial needs of the public sector (budget deficit) will be adjusted to the goal of reducing inflationary pressure.

It also includes provisions to stimulate private investments as the truly dynamic sector within the process of economic growth.

Agriculture and Mining

The field of agriculture and livestock includes measures directed at improving livestock and agricultural production in general; securing the effective participation of provinces, producers and experts in the implementation of the agricultural and livestock health policy; expanding the agricultural and grazing lands; incorporating new technologies; improving the real estate structure; carrying out forestry plans; defending natural resources and setting up lines of credit to make investments and development in this sector possible.

The plan provides for expanding grain storage capacity by putting rural silos into private hands that could expand and modernize them, by encouraging the producers to build more silos, by building, as part of the World Bank program, two distribution plants [plantas de transferencia] of 50,000 tons each in the pampa and six distribution plants of 15,000 tons each in the northeastern and northwestern regions.

With regard to industries and mining, the most urgent measures are designed to reactivate the sector by stimulating its growth, maintaining reasonable efficiency in comparison with international standards, guaranteeing proper protection and giving priority attention to sectors that have great escalating effects on the level of employment and the use of national inputs and technology.

As to incentives, the plan foresees maintaining value added tax exemptions, especially emphasizing this benefit for industrial plants operating in regions or provinces of lesser relative development.

Furthermore, the plan foresees the development, with the participation of the appropriate organizations, of actions aimed at the establishment of a tax structure that would take into account the rate of value added by local industries and the expediting of the mechanisms that give customs tax protection to those products which are beginning to be produced in the country. At the same time, the "buy national" and "hire national" schemes, the law on the tansfer of technology and the regulations for temporary energy will be readjusted.

The Bahia Blanca Petrochemical Complex

The encouragement of electronics industries and their branches (computers, communications, etc) and the reactivation of the Bahia Blanca petrochemical complex are priority objectives. The same applies to making intervened or deficit-plagued enterprises that still have possibilities for recovery productive once more.

In the mining field, the intention is to continue the national geological and mineral survey, to open tenders for deposits, to open tenders for the exploitation of the Bajo de las Cumbres and Farallon Negro deposits, to adjust the special promotion systems and the tax and price policies and to develop a system for the promotion of exports.

Regarding foreign trade, the actions planned are targeted at drawing up measures which will seek to expand exports. These measures include the establishment of a national foreign trade fund for the opening of new markets and the recovery of those lost and to set up export consortiums to which small and medium-size enterprises will have access.

The programs include the modernization of export credit insurance, the issuance of a law on the quality control of exports and measures designed to protect national products from improper practices, and the strengthening of Latin American integration by means of complementary accords and the improvement of accords on preferential treatment regarding customs tariffs.

The Buenos Aires Central Market

As to domestic trade, priority will be assigned to a number of measures directed at stimulating competitiveness in the goods and services markets and to correcting the flaws in the middle man system. In this regard, the basic structure of marketing regualtions will be improved and the appropriate incentives established. The plan foresees the establishment of the Buenos Aires central market pursuant to decisions on the way it will operate and the area which will fall under its influence.

In the area of maritime affairs, the plan provides for actions related to port services and facilities, channels of access, the river fleet, the development of the merchant navy and the proper exploitation of maritime, river and lake resources.

In this regard, the actions are mainly targeted at pursuing studies on the construction of a deep-sea port; enlarging the Bahia Blanca port; starting the construction of a fishing port in Puerto Madryn and of fishing docks in Tierra del Fuego, Antarctica and the South Atlantic islands; establishing the regulations of the national port policy; issuing laws on port organization in general; reorganizing the Argentine shipping lines; increasing the share which privately-owned ships carry, and continuing with the plan for the construction of freighters.

The significant participation of the private sector is expected in the construction and exploitation of port facilities.

The measures regarding exploitation of maritime, river and lake resources include those aimed at encouraging the industrial development of these resources, research in general and the issuance of a national fishing law.

Ministry of Public Works and Services

This ministry must primarily direct its actions toward the development of basic services and facilities and toward increasing the efficiency of enterprises and corporations under its control. The program foresees the more accelerated development of rural Argentina (Patagonia, west and north) and better links with neighboring nations as well as active cooperation and complementation with provincial public works ministries.

The plan also contains provisions aimed at strengthening the actions of enterprises and corporations by improving their efficiency and financial standing, thus guaranteeing state control over essential aspects while continuing to transfer regional and operational components to other levels of public administration and to the private sector. At the same time, the plan provides for actions targeted at finding solutions to problems stemming from the transfer of services to the provincial governments on the principle that new transfers should be made only if the provinces are ready to cope with them. At the same time, the program for turning over the various areas under the control of this ministry to private hands has been adjusted to the nation's socioeconomic situation.

In addition to readjusting the structure and gradually updating the prices and tariffs of public utilities, a selective approach will be used to establish differentiated rates according to the location of the utility and to regional considerations.

Regarding communications, energy, fuels and transports, the position is to continue with the investment plans established in 1982 and to launch new investment plans in 1983. However, the final details in this field will be released before 31 December 1982, once the 1983 program of investments is set up in keeping with the funds budgeted for it. Nevertheless, the program outlines the new investments that could be made next year because they are among the national priorities.

Within the field of communications, these priorities include plans for industrial integration and local production, installation of telephone centrals, digital interurban telephone relays, satellite communications, a data-carrying network, equipment for the new Bosque Alegre ground station, the putting into operation of an automatic message relay system, installation of post office branches and a system of radio and television repeater stations to serve border areas.

As to electric power, the measures seek to increase the output of hydroelectric energy by providing for the continuation of the Yacyreta project and the completion of studies and multiple hydroelectric projects, especially the middle Parana, the upper Bermejo watershed and the upper Paraguay watershed.

The measures related to transportation provide for setting up an integrated passenger-freight system, for complementation between the various means of transportation by strengthening the relative advantages of water-bound and railroad transportation and the improvement of the railroad and highway network. The measures also provide for the creation of an organization to coordinate transport in the metropolitan area.

In the field of water resources, the program outlines the means for integration of the management of the various affairs related to national and international rivers and to the use of the waters. This is done to systematically carry out a number of actions directed toward the rational utilization of this resource, toward the improvement and reactivation of irrigation projects and toward fulfillment of programs to provide various settlements with drinking water and sewage services.

The Ministry of Education

The Education Ministry will have to implement measures designed to strengthen national identity and to promote and firm up traditional values stemming from the Christian view of life. The plan provides for actions to coordinate the national educational policy at primary and preprimary levels between the provinces and the metropolitan municipality and education at other levels through the Federal Council for Culture and Education. This ministry will conclude the normalization of the 25 national universities, including the approval of statutes, the review of professional qualifications for hiring professors and the installation of higher academic assemblies and councils.

The plan includes means for adjusting education to regional development through coordinated government action between the appropriate organizations and the productive sectors. At the same time, the plan outlines measures for complementation between state and private systems of higher education in order to avoid operational overlapping or shortcomings. In this regard, nonuniversity careers will be reorganized, especially those dealing with the training of teachers, while the dual system [not further explained] will be expanded to put mid-level education into perspective with the demand of enterprises.

Construction of the fourth stage of the national library will be started. The permanent school fund will finance 60 buildings. The project for the expansion and improvement of rural education will finance 695 schools. The headquarters of the ministry will be finished and new educational structures will be implemented for technical agricultural training at 30 establishments distributed among 16 provinces with financing by the project for the expansion and improvement of technical agricultural training.

There are also measures to continue upgrading the professional standing of the teaching career, as well as actions to make teachers and students fully aware of their civic responsibility, thus helping to develop -- within the framework of absolute neutrality -- the stage of institutionalization.

Budgetary and social security aspects provide for a review of the legislation on subsidies for private teaching, for the evaluation of measures aimed at improving and standardizing the salaries of national and provincial teachers and approving the establishment of a complementary fund for teachers and administrative employees of state-owned and private institutions.

The Labor Ministry

This ministry will make efforts aimed at the total normalization of labor unions, making sure that they represent the sector, and will continue to develop, in close cooperation with other related government bodies, a wage policy designed to restructure and increase the real wages while promoting a rise in the rate of employment so as to normalize the level of employment primarily on the basis of economic reactivation.

The plan includes measures directed at promoting the overall participation of workers and employers through tripartite bargaining and technical consultative mechanisms in order to resolve common problems, thus helping to maintain a harmonious relationship between the components of the productive sector and the state. Furthermore, the plan provides for increasing the presence of the ministry in rural areas where, in coordination with provincial authorities, it will prevent and resolve labor problems in order to preserve labor peace. This ministry will also continue updating the labor laws that are in effect, be they general or applicable to specific activities.

Ministry of Public Health and Environment

The Ministry of Public Health and Environment has planned actions to further the integration and improvement of health systems, services and programs in order to provide the people with adequate health coverage in its various aspects: promotion, prevention, treatment and rehabilitation.

The plan includes health programs for mother-child care, contagious diseases, chronic and incapacitating diseases, mental health, the handicapped and accidents, and emphasizes both rural and border areas. The plan also includes actions concerning health laws, specialized human resources and medicines, especially as regards the quality control of medicines and authorization for the production of new medicines and their prices.

The plan also focuses on hospital infrastructural facilities, including not only those run by the federal government, but also those managed by provinces or municipalities, especially in those provinces having a low development level. A considerable amount has been earmarked for the completion of hospitals under construction and for the initiation of new ones. It is also planned to carry on the transfer of hospital services from federal hospitals to provincial hospitals to the extent the provinces are capable of providing these services until a complete transfer can be made.

Actions are also planned in relation to the conservation, preservation and improvement of the environment. These actions are related to the application of nonpollution techniques, air pollution control in urban areas, quality control of drinkable water, sanitation facilities in rural areas, an inventory of sources of emissions and outlets of contaminating elements and the drafting of a program for environmental balance.

Ministry of Social Action

This ministry includes in its program those measures aimed at defending, invigorating and strengthening the family both morally and materially through an adequate standard of living, a solid social coverage and effective recreational facilities.

Concerning housing construction. It is proper to state that the Fonavi [National Housing Fund] has thus far built 107,000 housing units, has 97,000 more under construction, will soon start the construction of 18,000 more units and plans to initiate the construction of 27,000 units in 1983.

The amount of 12 billion pesos, made up of new allocations, will be disbursed through the national mortgage bank as individual loans. With these resources, it is expected that 46,000 houses will be built in 1983 and that 26,000 more individual houses will be started by March 1984, aside from 8,700 projects belonging to unions and cooperatives which are at a standstill, and that 4,500 more houses which are now partly completed will be finished.

Furthermore, before the end of this year, 4,022 more houses will be added to the 2,500 houses already under construction under the Self-Help and Mutual Help Program (EPAM). The construction of 10,000 more units will start during the 1983-84 period. Construction of 8,000 more houses is provided under the program for the eradication of shanties.

In the area of the minor, the family and direct social assistance, the ministry plans to carry on its preventive actions to benefit families, minors, senior citizens, disabled persons and the needy.

In the area of sports, the ministry plans to adopt measures designed to promote participation in sports, especially by young people, and the coordinate actions among government and private sectors to fully take advantage of all available human resources and infrastructural facilities.

In the area of social security, the ministry envisages actions designed to supplement existing social security programs to provide the people with effective coverage, to improve the retirement and pension systems and to include the social project system within an integrated health and social security policy.

In the area of tourism, the ministry has decided to cary out actions designed to promote both national and international tourism through a federal tourist system which will include tourism promotion, equipment and infrastructure and the preservation of the country's tourist attractions.

National, provincial and private sectors will jointly conduct surveys, diagnoses, analyses and strategies to this end.

Planning Secretariat

Included in this sector are actions concerning coordination of national and regional planning, budget coordination, public investment, territorial organization and issues concerning sociocultural affairs, production and services.

Included in the scientific-technological area are actions designed to establish a national scientific-technological policy which would be in keeping with the country's integrated development and to establish the fields and priorities for research efforts to develop our own technology on the basis of the needs of our productive sector. The plan also includes measures to conduct research in the interior of the country and to strengthen regional programs; actions related to coordination at the national level of the various scientific and technological organizations to avoid duplications and to guide their actions toward high priority subjects or fields.

In the area of informatics, the secretariat seeks to draw up a national policy on informatics and related sectorial policies in the educational, legal and legislative fields and on industrial informatics.

General Secretariat of the Presidency

The plan includes measures designed to rationalize public administration and to improve normative and operational efficiency and the quality of government employees.

Public Information Secretariat

The plan includes measures designed to coordiate official information by releasing in every case a sound, precise report on government actions. Furthermore, it is planned to continue to turn radio and television stations over to the private sector.

Culture Secretariat

The plan includes actions designed to reaffirm our cultural identity and our way of life, to safeguard our cultural heritage, to consolidate our cultural values in border areas, to support culture-oriented industries, to supply adequate legislative instruments, to guarantee the participation of those who build our culture and to hold and carry on cultural activities in coordination with the private sector.

Mechanisms of Consultation

This plan assigns a significant role to consultations with the various representative sectors of the nation for the purpose of broadening points of agreement and of securing greater adjustment of each sector to every action. Additionally, the confrontation of interests and positions which will stem from these consultations will become an invaluable instrument for implementing every particular action since it will allow an adjustment of the expectations of the various sectors in view of the awareness each sector will have of the views of the other sectors, of available resources, of conflicting possible solutions and of the needs of the community at large.

To make know this plan in detail, cabinet ministers will soon start to give lectures to thoroughly inform the public about the specific actions included in every area which have been outlined in this summary.

National Atomic Energy Commission

The actions of this commission are designed to achieve the objectives established in the national nuclear policy.

HERALD Skeptical About Plan

PY230214 Buenos Aires BUENOS AIRES HERALD in English 22 Oct 82 p 10

[Editorial: "Other Worlds"]

[Text] Throughout history men and women have responded to hardship and misery by cultivating dreams of a much better future. The people who have ruled Argentina in recent years have naturally succumbed to this universal temptation on many occasions. As the country's successive crises have got worse they have responded by producing plans which, if successfully carried out, would have left Argentina a far better place than it actually became. Unfortunately, the mere fact that new plans are being drawn up every year or so is proof enough that previous ones, many startlingly ambitious, failed to have the desired effect on the course of events. Nonetheless, government bureaucrats are obviously undeterred by their poor record and, on Wednesday, presented the country with yet another plan, yet another vision of the future in which those discontented with the present can, if they want, take refuge.

Although the new plan is more modest than many of its predecessors it still has a utopian air to it. It would be a very good thing indeed if the government found a way to increase investment in public works, increase real wages, reactivate the "productive apparatus" especially in the provinces, employ more people, build thousands of new homes, increase exports, increase reserves, and bring down the inflation rate, all at the same time. Nobody could quarrel with such fine objectives but it is hard to see how they can all be achieved together and within the next year and a half. Until the regime explains exactly how it proposes to bring about such a miracle these declared aims will remain no more than a list of mutually incompatible good intentions.

Much of the rest of the plan is in a similar vein. The Foreign Ministry, for example, will "pursue Latin American integration" while putting special emphasis on questions concerning territorial sovereignty. Unfortunately, not all the disputes involving sovereignty in the area pit Spanish-speaking nations against English-speaking ones and can in consequence be presented as an issue between the "Third World" and "Imperialism." Most are between Spanish-speaking countries and if too much emphasis is placed on them the result will be to widen Latin American divisions rather than do away with them, which is what "integration" is presumably all about.

It is pleasant to know that the regime intends to strengthen the judiciary, create a "climate of confidence" and report the government's activities with "precision and sobriety," things that, by implication, it admits it has not been doing up to now. And many people will be pleased to see the Defence Ministry set about "strengthening the frontier area" just in case the pursuit of Latin American integration leads nowhere. The country's remaining liberals, however, must be rather worried by the same ministry's determination to encourage the production of "strategic raw materials" because, "strategic" being an elastic word, undertakings with this objective have tended to be extremely costly; when "strategic considerations" are at stake, mere economics must obviously take a back seat. They should not be too worried, however. This plan, like many others before it, seems to belong to imaginative literature rather than practical government and, although some of the aspirations in it may be reached, most of them will be just as remote when the next elected government takes over as they seem today.

ECONOMY MINISTER DISCUSSES CURRENT SITUATION

PY260255 Buenos Aires Domestic Service in Spanish 2000 GMT 25 Oct 82

[Text] The press continues to question the head of the Economy Ministry, who has continually been reporting on the current economic policies.

Jorge Wehbe said that this is the worst crisis the country has experienced in its history. He also explained that the stand-by credit which Argentina is negotiating with the IMF has not created any conditions on the current economic policies. The economy minister also referred to various aspects related to his administration and the true economic situation of the country.

Asked about the possibility of counterreforms and if the settlement of debts [licuacion de pasivos] should be concluded, he said that there are no such counterreforms. He added: I do not like reforms and counterreforms because I believe that they hurt the country.

He went on to say that no society can live without savings, and because of this there must be a special system for genuine savings ranging to 6 months or more, and that this money will be used for long range operations.

Regarding forward exchange rates, Wehbe said that presumably most of them will be renewed. He said ways will be found to deal with forward exchange rates that are not renewed so that the prestige of the monetary authority is not jeopardized. He added that their renewal means that they will continue to be private sector debts.

Wehbe also referred to the reunification of the exchange market. In this regard, he said that the ideal thing is to have a single market without a parallel market. He said, however, that this is only a theory because in reality, the situation is different because since there are expectations -- as in the present case -- a free exchange market represents the flight of foreign currency, as has already happened.

He also said that there is a need to harmonize the interest rate policy with the exchange rate policy in order to discourage the parallel market as much as possible. He added: I do not believe that we are going to eliminate it because this has never been achieved any place in the world; however, we can diminish it.

The minister also discussed price controls. In this regard, he said that this is not aimed at improving expectations, but that he personally hopes that prices will be deregulated in the future.

Minister Wehbe also expressed optimism about the negotiations being carried out with the IMF. Regarding the stand-by credit, he said that all the people representing different sectors who have been contacted by his ministry said they support the measures taken in this regard.

Central Bank Report

PY270038 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0015 GMT 26 Oct 82

[Text] Buenos Aires, 25 Oct (NA) -- Central Bank sources have reported that the overdue foreign debt is currently $1.7 billion. Although this is a large amount, the overdue debt has decreased $610 million in the last 3 months. This overdue debt was $2.31 billion last July.

This reduction took place as a result of the efforts made by the Argentine Government to continue paying the debt and to reduce some debts after a financial agreement in principle was reached with Great Britain. The payments were made by using part of the funds provided by the IMF as the first portion of the reserve which Argentina has in this financial organization. The first portion of the reserve can be used without the prior agreement of the IMF.

The Argentine Government plans to use part of the funds of the standby loan to be obtained from the IMF to pay the due debts.

The IMF is going to grant 52 billion to Argentina because the military government promised to implement an austerity policy aimed at producing a large surplus in the trade balance. Once an agreement with the IMF has been reached, the Argentine Government will try to obtain a "bridge loan" with the ten most important financial creditors. This $1 billion operation will be used to cancel part of the overdue payments.

The Argentine Government will try to immediately pay the debts due with the British banks Lloyds and Midland. The overdue debts with these two banks are about $800 million. This is 50 percent of the total overdue debt Argentina has with the international community. There is a desire to immediately pay these debts because the British banks are heading the group of entities which are negotiating the "bridge loan" with Argentina. The two British Banks put strong pressures on the Central Bank to get Argentina to pay the overdue debts.

FRONDIZI: 'GOLD RESERVES MAY HAVE BEEN LENT'

PY251954 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1218 GMT 24 Oct 82

[Text] Cordoba, 24 Oct (NA) -- Argentina's gold reserves may have been "lent," former President Arturo Frondizi charged here.

The head of the MID [Integration and Development Movement] gave no further details on the alleged lending of gold reserves, but he demanded that the government "report where the gold has been deposited," since according to Frondizi, "it is not in the Central Bank."

Frondizi also maintained that "it is the government's duty to give the country an account of the bodies found at the Grand Bourg cemetary and of the murder of Marcelo Dupont."

Frondizi, who arrived here yesterday, presided over the dedication of his party's provincial committee headquarters.

During a press conference, he said that "the country will have to confront extremely serious problems resulting form the socioeconomic crisis brought about by this government, in addition to the difficult situation arising from the foreign debt."

He criticized the fact that the people are given no information on the government's actions, stressing that just as nothing is known about missing persons, neither the exact amount of the foreign debt nor the place where gold reserves have been deposited is known. "According to some rumors," Frondizi said, the "gold reserves may have been lent."

Asked whether a "Bolivianization" process could start in our country, he replied that "the situation is extremely dangerous but I hope we will not get that far. What we have to do is give the people a chance to vote in free elections." He also maintained that the elections could be held at an earlier date but, he said, "neither the president nor the military junta want that."

Frondizi advocated lifting the state of siege and criticized the plan for the 1982-84 period the government has just drawn up. He added that the plan "will not solve any of the problems the country is confronting."

Concerning the multiparty group, he said that it should continue operating after the elections.

In conclusion, Frondizi said that "there is something like a war of silence against MID." He blamed such a war on press sectors which do not agree with the MID doctrine and "boycott it."

Frondizi will meet representatives from all of Cordoba's social sectors and will deliver the closing speech at his party's provincial meeting tomorrow.

Central Bank Response

PY262208 Buenos Aires DYN in Spanish 1205 GMT 26 Oct 82

[Text] Buenos Aires, 26 Oct (DYN) -- Central Bank President Julio Gonzalez del Solar has acknowledged that 136 tons of gold from the Argentine reserves are not deposited in that institution, but in banks abroad. During a television interview last night, the official also denied that any type of operation had been carried out with the gold.

Former President Arturo Frondizi had led off a series of accusations with these charges. He indicated that Argentina has presumably "lent" its reserves and that they were not deposited in the Central Bank.

Gonzalez de Solar indicated that "since 1967, when Argentina purchased the reserves, it has neither bought nor sold gold reserves, and that the reserves that the country now has are the same as at that time."

Regarding the alleged loan of those reserves, which currently have a real value of $1.88 billion, the official categorically denied it.

In this respect, he indicated that "I wish we were in a position to carry out this type of loan, because we would then demonstrate to ourselves and to the world that we would have no need of resorting to the IMF."

When asked about the reasons why those 136 tons of gold were not deposited in the Central Bank, he explained that "when they were bought," we bought them from several countries, which are precisely those with which Argentina maintains its most important trade relations, and in order to avoid the expense of transporting them, they are deposited in the Central Banks of those countries.

It must be pointed out that reliable sources have indicated, although without official confirmation, that the only operation in which those reserves were involved occurred in January 1976, when they were put up as collateral for the payment of the external debt of that time, but it is not known whether that collateral was lifted afterward.

A few hours before Gonzalez del Solar's public statements, sources linked to the Central Bank explained that as happens when foreign exchange reserves are placed abroad -- although the gold does not accrue interest either for the country of the temporary holder, such as is the case with the foreign exchange reserves -- both the individual amounts and the banks in which they are placed are a very real "maximum security secret for the state," and therefore the "details are never revealed."

Moreover, it has been leaked that an important part of these reserves are to be found in safe deposit boxes in Fort Knox, a heavily fortified establishment where the U.S. gold reserves are deposited.

Certificates in the name of the Central Bank have been given for these gold deposits and, in turn, the certificates are deposited in Swiss banks as an international reinsurance that they belong to Argentina.

The country's total gold reserves currently amount to 136,000 kg and are valued at $1.88 billion, according to the international price of gold.

Moreover, its book value for the Central Bank only amounts to $184.6 million because it is valued at $42.22 to the troy ounce, the price at which it was purchased at a time when the value of gold had a set international price.

The situation of the gold reserves had already been the cause of controversy last week when a report from abroad indicated that they had to be put up as "collateral" to guarantee a "standby" loan by the IMF. In this respect, when Economy Minister Gorge Wehbe was asked about this, he said that "it is a fantasy and I do not know from where and why such a report emerged."

BIGNONE MEETS BOLIVIAN DEFENSE MINISTER

PY262115 Buenos Aires Domestic Service in Spanish 2000 GMT 26 Oct 82

[Excerpt] Bolivian Defense Minister Jose Ortiz Mercado made a protocol visit to the president as a result of the visit he is paying to our country. Defense Minister Julio Jose Martinez Vivot also attended the meeting.

COMMERCE SECRETARY MEETS CSSR TRADE MISSION

PY261415 Buenos Aires Domestic Service in Spanish 1030 GMT 26 Oct 82

[Text] Argentine Commerce Secretary Alberto Fraguio has met with a CSSR delegation visiting our country and discussed ways to implement the various agreements signed during the latest Argentine-CSSR joint commission.

The CSSR delegation is led by (Vladimir Horak), director of the CSSR Foreign Trade Ministry's Bureau for Latin American Affairs. The delegation, which will stay in Argentina until 30 October, will contact Argentine economic official and private sectors.

The CSSR delegation will travel today to Cordoba, where its members will follow a schedule prepared by the Cordoba officials, which includes meetings with Cordoba businessmen.

Fraguio recently visited the CSSR and conducted negotiations within the framework of the Argentine-CSSR joint commission, which concluded in the signing of letters of intent for the annual sale of 300,000 tons of wheat, 30,000 tons of meat and 5,000 tons of frozen fish.

MINISTER CLARIFIES ARAB LEAGUE'S RECOGNITION

PY261437 Buenoes Aires Domestic Service in Spanish 1030 GMT 26 Oct 82

[Text] Argentine Foreign Minister Juan Ramon Aguirre Lanari has met for approximately 40 minutes with leaders of the delegation of Argentine Jewish Associations, DAIA. The meeting was held at DAIA's request to discuss several issues, including the Argentine Government's recent recognition of the Arab League.

A report released by San Martin Palace states that at the meeting, Aguirre Lanari told the DAIA leaders that the recognition meant granting diplomatic status to the Arab League, which has in practice been represented in our country for many years.

Acquirre Lanari also noted that recognition of the Arab League does not entail, either technically or legally, recognition of each member state.

BRIEFS

II CORPS DEPUTY COMMANDER -- Brig Gen Carlos Alberto Lucena has been appointed deputy commander and chief of staff of the II Army Corps headquartered in Rosario. [Buenos Aires TELAM in Spanish 1930 GMT 11 Oct 82 PY]

5TH BRIGADE DEPUTY COMMANDER -- San Miguel de Tucuman, 15 Oct (DYN) -- Col Raul Shirmer, commander of the 5th Infantry Brigade based in this city, today installed Col Nestor Romero as deputy commander and chief of staff of the brigade. Romero replaces Col Jorge Chanfreau. [Buenos Aires DYN in Spanish 1255 GMT 15 Oct 82 PY]

SPETEMBER TREASURY DEFICIT -- The treasury deficit totaled 1,582,681,000,000 pesos during September 1982, which means an 80.81 percent drop in real terms in relation to the deficit in the same period in 1981. [Buenos Aires Domestic Service in Spanish 2000 GMT 12 Oct 82 PY]

ARCE GOMEZ ORDERED HOME FOR MILITARY TRIAL

PY261305 La Paz Cadena Panamericana in Spanish 1130 GMT 26 Oct 82

[Excerpt] Gen Luis Garcia Meza and Col Luis Arce Gomez have reportedly been passed to the letter E in the Army rolls by Army headquarters order. According to spokesmen, the measure implies that the two officers will have to defend themselves before military courts and may, according to the sentence, be brought to trial by the ordinary courts.

Both General Garcia Meza and Colonel Arce Gomez have repeatedly been accused by various groups at home and abroad of having been involved in certain events after the coup d'etat of 17 July 1980. As will be remembered, they left the country shortly after Hernan Siles Zuazo assumed the constitutional rule of Bolivia, leaving for Argentina where they are currently located.

The spokesmen also reported that Col Luis Arce Gomez should immediately report to Department No 1 at Army headquarters in order to learn of his future posting. Disobedience of this military order will subject him to the rules in force in the army for such cases, they added.

PEASANTS EVICT ALLEGED PARAMILITARY MEMBERS

PY270231 Paris AFP in Spanish 0021 GMT 27 Oct 82

[Text] La Paz, 26 Oct (AFP) -- It was reported here today that alleged paramilitary members who are still holding key positions in the Bolivian Campesino Affairs Ministry were violently evicted by peasant groups. The incident took place when a group of leaders and representatives of La Paz Province took over the offices of the Agrarian Reform National Directorate of Justice for Peasants, violently evicting the officials who had collaborated with military regimes.

It was reported that representatives of the Bolivian Labor Federation (COB) and the minister of campesino affairs, Zenon Barrientos Mamani, mediated in the conflict, which could have gotten worse due to the resistance of some officials unjustly accused of being members of paramilitary groups.

URBAN DEVELOPMENT, HOUSING MINISTER INSTALLED

PY270211 La Paz Cadena Panamericana in Spanish 0000 GMT 27 Oct 82

[Text] Jaime Ponce Garcia, high ranking leader of the Christian Democratic Party, PDC, was installed this evening as the new minister of urban development and housing.

The ceremony was held in the Hall of Mirrors of Government House at 1800 today. President Hernan Siles Zuazo swore in the new minister. He then delivered a speech thanking the PDC for this gesture.

[Begin Siles Zuazo recording] Comrade Ministers: the cabinet of the government, which is a continuation of the 1952 national revolution, has a special significance. The circumstances are now very difficult in the economic field; the PDC has shown faith in the destiny of our fatherland. I want to express with these words to the PDC comrades my appreciation for a gesture which means sacrifice, unselfishness and work in the service of the Bolivian people. [end recording]

The new urban development and housing minister, Jaime Ponce Garcia, delivered a lengthy speech about his plans as minister. He said: [Begin recording] The constitutional government of Your Excellency represents a new stage in the search for justice, freedom and peace for all Bolivians. We are deeply identified with the president's mission, a mission we also recognize as ours. God bless you, Mr President, and God help us fulfill our goal. [end recording]

FINANCE MINISTER SHAKES UP CUSTOMS SERVICE

PY262353 Paris AFP in Spanish 0043 GMT 26 Oct 82

[Text] La Paz, 25 Oct (AFP) -- In a unprecedented decision, Bolivian Finance Minister Ernesto Aranibar has eliminated approximately 2,000 well-paid posts in the Customs General Directorate. These people had been considered untouchable until today, and their posts were considered spoils of war by a dismissed director general.

The order, made official through a drastic ministerial resolution, is aimed at putting a stop to the deep-rooted corruption that is to be found throughout the Customs Service.

According to Luis Acre del Castillo, who held the post of director general, the Customs Service was the spoils of war of each government in power. The bad officials have taken advantage of the situation.

An official, who expressed concern regarding his job, stated today that customs employees are able to make four times their salaries in special operations and they do not care about collecting their salaries. It is a question of obtaining influence and that is that.

The current director general, Carlos Montano Ostria, has confirmed that the sale of customs posts to the highest bidder and at high prices has become the usual practice.

Moreover, the authorities have exposed the practice of pasanaku [as received, presumably Aymara], which consists of a suitcase full of money collected from every customs office in the country that once a month or once a week goes to the lucky winner of a draw.

Corruption in the customs has seriously affected fiscal income at a time when the Bolivian economy is going through a very deep crisis.

COLONEL RICO TORO PRAISES RETURNS TO DEMOCRACY

PY270015 La Paz Radio Illimani Network in Spanish 1700 GMT 26 Oct 82

[Text] Col Faustino Rico Toro, who was commander of the Army military school until 1 week ago, has commented positively on the return to a democratic system in Bolivia. He said: The armed forces of the nation have chosen the most viable way of finally consolidating the cooperation of all the Bolivian people under the law, which should be above everyone so that we Bolivians may all live in peace and tranquillity.

The colonel, who filled the post as interior minister in Gen Juan Pereda Asbun's government, said: I belong to the same vocation which I have never changed; a soldier who (?struggles) for peace.

Faustino Rico Toro asserted that the democratic system is the hope of all the Bolivian people [words indistinct]. He asserted that Bolivia should be the home of all Bolivians where all can live in peace and tranquillity. Following the general rules and respecting the law. Personally, he believed that this was an old aspiration of the country. He then said that the country was large enough for all Bolivians to live in peace and tranquillity.

Rico Toro said he is enjoying a leave of absence within the armed forces of the nation.

PAZ ZAMORA INTERVIEWED BY SPANISH PAPER

PM261213 Madrid EL PAIS in Spanish 18 Oct 82 p 6

[Bolivan Vice President Jaime Paz Zomora interview by Juan G. Yuste in La Paz: date not given]

[Text] La Paz -- Question: Is Bolivia's recently inaugurated democracy a "supervised democracy?"

Answer: It is a democracy supervised by the people, who defend it. It must be a constitutional democracy in the strict sense, a democracy that will certainly not offend the sectors not entirely in favor of the democratic process but will thoroughly implement the Constitution.

Question: What criterion will you follow with regard to the putschist military? Will they be tried?

Answer: Our criterion is that all crimes against the people must be punished, especially those committed during the latest period of dictatorship. But they must be tried entirely independently of any political spectacle or show, because that could harm the democratic process. They must be tried in accordance with existing law.

Question: Do you fear a coup d'etat?

Answer: No, not at the moment.

Question: Was there any prior agreement with the military regime to yield power to the civilians? Does this constitute a guarantee?

Answer: Our only guarantee is what the Bolivian people do to defend democracy. Nevertheless, now, following the huge defeat suffered by the military system, I believe that the vast majority of the army is in favor of the democratic process. Of course, there are several sectors within the armed forces. Some are in favor of the process by virtue of the very institution to which they belong, because they realize that the army was destroying itself before. Others are in favor of it because they truly believe in democracy. There remains a nucleus, which led the 1980 coup, which is an active and compact minority and which will not allow itself to be deactivated.

Question: And who are awaiting their chance...

Answer: They probably hope that we will fall into the trap, that we will fall when we attempt to resolve the crisis that they themselves created. They will thus have a better chance to rally the majority of the armed forces around them.

Question: Is the People's Democratic Union (UDP) coalition headed by President Siles Zuazo and yourself not too isloated in government? Have you not been abandoned by such powerful bodies as the Bolivian Labor Federation (COB)?

Answer: The COB staged a political general strike to expel the military from power. What further support could it give us? Of course it is not in the government, because it is an autonomous trade union; but it must not be forgotten that the majority of the federation's leader belong to parties of the UDP coalition, which are in the government.

Question: How then do you interpret the absence from the power transfer ceremony of trade union leader Juan Lechin, former President Victor Paz Extenssoro and even former President Banzer?

Answer: The case of Banzer is different. Nobody invited him to the ceremony because, among other things, he was not a constitutional president. As for Paz Estenssoro and Lechin, it was due rather to personal reasons, 40 years of love and hatred with President Siles Zuazo. Their absence has no political significance.

Question: In view of the very grave economic situation in Bolivia, are you not afraid of the COB pressing the government to improve pay?

Answer: The COB is fully entitled to press for improvements in the workers' living standards. But this government, the UDP government, has a people's and revolutionary program in favor of the workers. The UDP has nothing to hide from the working class. There is a new climate in the country. The dangers could come from trade union leaders belonging to undemocratic parties (Trotskyites or anarchosyndicalists, for instance) who try to confuse the workers, to make them believe that nothing has changed in Bolivia with our accession to power.

Question: How does your government intend to avert this whole series of dangers?

Answer: Personally, I intend to propose to the government that it use new methods, that it hold direct discussions with the working class. I repeat that we have nothing to hide from them. We can explain to them the nature of the real situation. We will start a joint management process in state enterprises, and this is not demagoguery but a way of resolving problems. Authority must be democratized in all spheres of national activity. Joint management means shared responsibility, a way of developing a more efficient and honest kind of management.

Question: Your position in the Congress of Deputies is none too strong. Are you not afraid that an attempt is being made to distort the democratic process from within the legislative power?

Answer: I do not believe so. The major parliamentary forces are in favor of democracy, because it is in their interests. Indeed, they demonstrated this last week when they elected Siles and me president and vice president. This was a stabilizing vote, not an ideological or a partisan vote. As for the smaller parties, yes, they could try to create problems in their quest for votes.

Question: Do you feel secure with the present distribution of forces within the Congress of Deputies?

Answer: In Bolivia we have the most progressive congress of deputies in South America, even Latin America, excepting the people's assemblies of Cuba, Nicaragua and Panama. What can we complain of if the forces ranging from the center to the left comprise an absolute majority?

Question: On the other hand, the UDP coalition, composed of your party -- the Movement of the Revolutionary Left -- the Communist Party and President Siles Zuazo's National Movement of the Revolutionary Left, does not seem very compact.

Answer: Lack of unity is indeed our weak point. It is very serious, but let us be clear: the UDP coalition already holds a record for unity in this country. Never before has there been such unity, either on the left or on the right. However, it is still insufficient and it could cause the democratic process to fail. I believe that it will take us a long time to consolidate this unity, though perhaps belonging to a government will help the ruling parties to limit their differences and to cohere.

Question: What will your government's broad guidelines for foreign policy be?

Answer: I believe that the most significant point is that we will make nonalignment the lynchpin of Bolivian foreign policy. Our country has not long been a member of the Nonaligned Movement and we now want it to play a much more active role. Moreover, we must create a new kind of relations with our neighboring countries and open up new international vistas for our country. For instance, Bolivia maintans relations with a country as important as Canada but, apart from an embassy in Egypt, it is not represented in Africa.

Question: Are you in favor of creating a pan-American body excluding the United States?

Answer: Yes; but that does not mean discarding the OAS. Experience teaches us that there must be two organizations -- one for the entire hemisphere and another for Latin America. These organizations are not mutually incompatible, but there must be an exclusively Latin American one.

Question: What will democratic Bolivia's attitude be with regard to neighboring countries with dictatorial regimes and with respect to their democratic parties?

Answer: We do not intend to intervene in any way in other countries' affairs, just as we do not want anyone to intervene in ours. However, we cannot neglect to state the truth, and if this transcends our borders, that's their problem.

Question: You have mentioned on several occasions the need for a joint renegotiation of foreign debts by the Latin American countries. Is there yet any specific plan for such an association of debtor countries?

Answer; No, not yet. It is a germinal plan, which has not yet been developed.

Question: Returning to Bolivia's domestic situation, what will the UDP government's first economic measures be?

Answer: We do not yet have an accurate idea of the disastrous situation in the country that we have inherited. Our various ministries will now examine it in detail and we will explain the truth to the people. This will be our government's initial task. Food policy will receive the maximum priority, followed by pay policy. As regards pay, there are various possibilities. We could follow the advice of the IMF, which only wants our foreign debt to be paid off, or we could lapse into demagoguery and start raising salaries and printing more money. We will seek a third path, creating a new pay policy in line with the country's real situation.

Question: Do you plan to nationalize any sectors of the economy?

Answer: We have only considered nationalizing the Bolivian state. It has been futile in our country to nationalize many things, since the state was still antinational. No, no nationalizations are planned. Perhaps some such need could emerge during the process, but it is not in our program.

Question: Last, how will you act on the narcotics traffic problem?

Answer: We are aware that narcotics trafficking affects the country. And it affects us much more than the United States. Here it distorts not only the Bolivians' spirit but also the country's economy. It also distorts the political system itself, since narcotics trafficking was closely tied up with the dictatorship. So we have many reasons to seek a solution to the problem. Just as the United States is entitled to propose its own solutions, so we are entitled to propose our own. Negotiations must take place on this basis. We will neither impose solutions on them nor agree to their imposing them on us. We want to resolve the narcotics trafficking problem in accordance with our national interests.

BRIEFS

PRESIDENT INSTALLS POLICE CHIEF -- Bolivian President Hernan Siles Zuazo yesterday swore in Col Eddy Cordero Marquez as the new Bolivian chief of police in the course of a ceremony held at Government House. [La Paz PRESENCIA in Spanish 16 Oct 82 p 7 PY]

EDUCATION MINISTRY UNDER SECRETARY -- Jose Aramayo was sworn in yesterday as the new under secretary for administration affairs by Education Minister Alfonso Camacho. Aramayo replaces Oscar Daza Marquez who has tendered his resignation. [La Paz EL DIARIO in Spanish 15 Oct 82 p 4 PY]

PAPER CITES IMPLICATIONS OF REAGAN VISIT

PY270255 Sao Paulo FOLHA DE SAO PAULO in Portuguese 26 Oct 82 p 2

[Editorial: "Reagan on His Way"]

[Text] Reagan's coming might be a demonstration of sensitivity to the complaints of the developing countries voiced by President Figueriedo before the UN General Assembly. Or it may perhaps be a new attempt at improving the ties with Latin America which were frayed because of the U.S. position on the Malvinas war.

Whatever its true motivation, the visit of U.S. President Ronald Reagan to Brazil creates the expectation of making some improvement in the relations between the two countries. It depends to a good measure on the ability and firmness of the Brazilian Government whether or not the improvement is limited to appearances.

A possible agenda for talks between the two chiefs of state would be sufficiently long and complex of restricted to questions of bilateral economic relations.

Determined to defend the level of employment in some sectors of its economy, the United States has exerted pressure against Brazilian exports through a protectionism that becomes quite apparent when one recalls that such exports only made up less than 2 percent of the total U.S. imports in 1982. As though it were not sufficient to inveigh against a long list of Brazilian products, the export of engineering services also seem to bother the Reagan administration to the point of seeking GATT regulations of this kind of transaction abroad.

The siege of economic reprisals is completed by the U.S. defending "graduation" on credits granted to Brazil by the World Bank. This means a gradual increase in the cost of our operations with that financial agency. Moreover, new difficulties are predictable over the Brazilian decision to extend until 1983 fiscal incentives to exports of manufactured goods, a decision that will probably be strongly condemned by the Americans.

On its part, Brazil can argue against the U.S. commercial restrictions that there is a paradox in demanding that it rigorously comply with financial commitment abroad and not allow it to increase its exports. Imports have already been cut back as much as possible and the terms of trade are frankly unfavorable. A demand can also be made for a U.S. interest rate policy leading to the stabilization of the international financial market in terms that are less burdensome for our balance of payments.

These are some of the economic topics that should not be left out of an agenda for strictly bilateral talks. Since the speech of President Figueiredo at the UN, it can be expected that the Brazilian Government will try to seek solutions to our bilateral problems with the United States through an effort to reorganize the inter-American system and, in broader terms, through the North-South dialogue between developed and developing countries. That is to be expected not out of any messianic notion, but out of the understanding -- expressed at the UN by our president -- that no constructive solutions to the world crisis will be found through any way other than the worldwide reorganization of international relations, both at the economic and political levels.

Up to now, Brazilian diplomacy does not seem to have taken any real initiative to implement that strategic vision into tactical moves. However, the visit of President Reagan should permit Brazil to maintain the tone at least of the UN pronouncement, reaffirming its determination to play an important role in the reorganization it seeks.

On the other hand, the force of the Brazilian Government's voice should reflect the solid internal backing that can be shown to the visitor.

At the UN, President Figueiredo spoke as a chief of a state in the process of democratization, capitalizing on the improvement of Brazil's image abroad following the expunction of the most embarrassing aspects of the authoritarian regime. After 15 November, President Figueiredo will speak as the man who successfully conducted the process of political liberalization through the decisive test of elections. Whatever the result of the elections, a political representation which has been renewed from top to bottom will give the president the chance to secure through negotiations an explicit national consensus and to show the real authenticity of the main lines of Brazilian foreign policy.

That policy having the broad approval it has, the task does not seem all that difficult. And above all it would be a good beginning for the negotiation of fundamental questions pertaining to domestic politics.

PAPER REPORTS SHIPMENT OF ARMS TO IRAQ

PY262329 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Oct 82

[Text] An Ilyushin-76 cargo plane -- a four jet-engine Soviet-made aircraft -- of the Iraqi Air Force landed this past weekend at the military airport of the Aerospace Technology Center [CTA] in Sao Jose dos Campos. The plane came to load approximately 40 tons of materiel bought by the Baghdad government. Most of the load came from Avibras Aerospace, a Sao Jose dos Campos-based industry which manufactures ballistic missiles, rockets and bombs.

The plane arrived Saturday night [23 October] and the crew made up of seven Iraqi officers stayed overnight at the hotel run by the Air Force ministry inside the CTA military-industrial complex . Meanwhile, a group of men worked throughout the night loading materiel. The loading that should have been concluded by daybreak only ended about noon on Sunday because of the quantity of materiel to be loaded.

A great movement of officers and vehicles was noted near the airport Sunday morning. CTA vehicles were constantly patrolling the airport area both inside and outside, and heavily armed soldiers were posted at strategic points. Only official vehicles were permitted inside the CTA, which is usually open to visitors. Even officers in uniform had to identify themselves. The security measures along the roads leading to the airport were reinforced.

Avibras Aerospace, which is located near the ariport landing strip, also set up strict security measures, mobilizing dozens of men around the plant. Most of them were private guards in uniform. There were also guards in civilian clothes posted along access roads to the plant.

Although it was completely loaded well before nightfall, the Ilyushin only took off at about 2000, taking advantage of the darkness to avoid being identified by the people of Sao Jose dos Campos and by people driving SP-99, the Tamoios highway which branches off the Dutra highway going to Caraguatatuba. Traffic was heavy Sunday night because people who spent their weekend on the northern coast were returning to Sao Paulo.

According to official information, most of the load came from Avibras. Yet sources of the company yesterday refused to confirm or deny the shipment. A company director said that "the organization cannot provide information to the press" when journalists asked him the reason for the secrecy in the operation.

Most of the items being manufactured by Avibras have been developed by the war systems division of the Space Activities Institute [IAE], a subsidiary of CTA. They are quite sophisticated items, low in price on the international market. In June 1980 each item was priced at $12,000 with the technical advantage of simplicity over competitive items. The advantage lies with the electrical firing device that can operate on a common battery.

Sources in the military-industrial complex of Sao Jose dos Campos confirmed yesterday that this year Brazil will sell more than $200 million worth of military equipment to Iraq under two contracts signed late last year. The purchase of Brazilian military equipment by the Baghdad government is covered by two contracts; the first one on the order of $93 million, and the second, a broader contract, for $120 million.

Iraq is one of the main customers of the Brazilian military industry. Brazilian exports to that market grew from $280 million in 1980 to $600 million in 1981. Prospects for this year's exports bring up the 3-year total to more than $1 billion. This amount is a guarantee for the supply of 210,000 barrels of Iraqi oil per day, and there are understandings arrived at by the Brazilian commercial mission led by Finance Minister Ernane Galveas to Baghdad late last year for Brazil's participation in Iraq's investment program.

Before the Brazilian mission's trip to Baghdad, members of the joint Brazilian-Iraqi commission, which studies the possibilities for expanding trade relations between the two countries, had arrived at the conclusion that Iraq is "a promising market for the expansion of Brazilian exports, which would thus reduce the hefty commercial deficit tilting against the South American country."

AIRCRAFT SALES TO TOTAL $100 MILLION IN 1982

PY230242 Brasilia Domestic Service in Portuguese 2200 GMT 22 Oct 82

[Text] Col Osires Silva, president of the Brazilian Aeronautics Company [Embraer], has announced that Brazilian exports of aircraft will total approximately $100 million by the end of this year. Embraer will conclude a sales contract with Libya in the next few days.

Colonel Silva said the prospects for the next few years are even more promising because of the launching of new models, including a jet plane to be built jointly with the Italian aeronautics industry.

CENTRAL BANK HEAD TO NEGOTIATE LOANS IN U.S.

PY261302 Sao Paulo Radio Bandeirantes Network in Portuguese 1000 GMT 26 Oct 82

[Excerpt] Carlos Langoni, president of the Central Bank, will travel to the United States today for a 1-week visit during which he will meet with bankers of the public and private sector to discuss voluntary adjustment measures. Langoni will make contacts which will permit the negotiation of loans which the country will require in 1983.

At the end of the meeting of the National Monetary Council, the president of the Central Bank stated that the exchange policy will not be altered.

BRIEFS

TIGERFISH TORPEDOES FOR SUBMARINES -- The British firm Marconi Space and Defense System recently received a contract for several million pounds sterling to supply and install Tigerfish torpedoes in Brazilian submarines. This is the first time England will export sophisticated torpedoes which will be assembled at a factory located in Neston City. The contract will also give work to the Marconi plant in Portsmouth and to many other British firms which will be subcontracted. [Rio de Janeiro O GLOBO in Portuguese 17 Oct 82 p 9 PY]

FEDERAL TAX REVENUES -- From January to September the federal government has collected 3.2 trillion cruzeiros in tax revenues from individuals and corporations. This amount represents a 106 percent increase over the same period last year. [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Oct 82 p 1 PY]

MINISTER VIEWS PRESIDENTIAL DECISION ON EXILES

PY261307 Santiago Domestic Service in Spanish 0930 GMT 26 Oct 82

[Text] Foreign Minister Rene Rojas Galdames has stated that the presidential announcement on the matter of exiles is of great significance because it shows the government's strength and the normalization of the country.

[Begin Rojas Galdames recording] It shows the dynamic action of the government and the normalization of the country. [end recording] The foreign minister added that his ministry will also participate in the commission. He said, however, that he is not yet aware of how this commission will be organized. He stated that President Pinochet's decision contributed to increasing national unity.

Chilean Ambassador to Argentina Sergio Onofre Jarpa Reyes told the press that he finds the decision very positive, both internationally and domestically. [recorded passage indistinct] Ambassador Jarpa Reyes said that he has no doubt that the commission will decide what is best for Chile.

PRESIDENT SAYS RETURN OF EXILES TO BE CONTROLLED

PY270023 Santiago Domestic Service in Spanish 1630 GMT 26 Oct 82

[Relay from Government House by Graciela Contreras]

[Excerpts] Today President Pinochet asserted that it must be clearly understood that those living in exile who will return to the country will do so under very precise and special conditions. The measure announced yesterday in this regard does not mean opening the doors, as some believe, so that we will once again have to put up with the presence of members of the revolutionary left and extremists here. The return of those in exile will have to be regulated and controlled and so it will be.

The president made this statement at a ceremony to celebrate the 9th anniversary of the National Youth Secretariat held in the conference hall and Hall No 3 of the Diego Portales building. It was held in two halls due to the great number of people attending the ceremony.

[Begin Pinochet recording] Yesterday, as the secretary general of the youth secretariat announced, I decided to designate a commission to study the situation of those who will return to the country. But it must be clearly understood my friends that their return will be under very precise and strict conditions. This measure does not mean opening the doors, as some believe, so that we will once again have to put up with the presence of members of the revolutionary left and extremists. This will have to be regulated and controlled, and this is how it is going to be done for our tranquility and the tranquility of your parents and homes. [end recording]

ECONOMY MINISTER RETURNS FROM NEW YORK

PY251349 Santiago Domestic Service in Spanish 0930 GMT 25 Oct 82

[Text] Chilean Economy Minister Rolf Luders has returned to Santiago after a 4-day visit to New York where he met businessmen and representatives from the international banking community. He made no statements upon his arrival at Pudahuel Airport where he just greeted reporters.

This morning, Luders will brief President Augusto Pinochet on his trip to the United States where he traveled in the company of Central Bank President Carlos Caceres. During his stay in the United States, he briefed representatives from the international banking community on Chile's economic situation and the programs aimed at overcoming the present recession.

PRC DIPLOMAT LAUDS BILATERAL RELATIONS

PY251943 Santiago EL MERCURIO in Spanish 1 Oct 82 p C14

[Excerpt] Pan Wenchieh, the PRC's charge d'affaires in Chile, has stated that "the Chinese people have a very warm friendship for the people of Chile and our government has the fervent desire of permanently contributing to the expansion of the contacts between the two countries." The diplomat made this statement on the occasion of the PRC's 33d anniversary, which is celebrated today.

Speaking in the name of Ambassador Tang Haiguang, who is currently in Beijing, the diplomat highlighted the common interests that unite China and Chile. Among them he mentioned that they are member countries of the Pacific Basin, that they are developing nations and that they are members of the Third World.

Referring to the friendship that unites the two countries, he stressed that Chile was one of the first Latin American countries to establish relations with his country. In addition to the common interests mentioned above, he pointed out that they both had experienced a similar historical event, "Chile suffered from foreign colonization and China suffered from external aggression, and due to these events it is much more easy for us to understand each other and to be mutually sympathetic."

He pointed out that during the past few years the mutual friendship has been strengthened by a continuous exchange in the trade and cultural sectors. In the latter, he highlighted the numerous scientific, technical and sports missions that have visited Chile, including dance and folk groups.

Pan Wenchieh stressed that "we hope that bilateral relations will continue to be strengthened on the basis of the five principles of peaceful coexistence that inspires Chinese foreign policy."

CHILE ACQUIRES THREE CANBERRA PLANES, TWO ARRIVE

PY262028 Santiago Domestic Service in Spanish 1630 GMT 26 Oct 82

[Text] The Chilean Air Force [FACH] has acquired three Canberra planes, which will be used to increase the forces photographic capacity.

It is pointed out in an official communique that the first two Canberra planes purchased by the FACH this year have arrived at the airport. These aircraft will be used to increase the FACH's aerial photography capacity to a height far beyond the range of the planes currently carrying out this task.

These planes were flown to Chile by Chilean pilots and crew leaving London with a stopover in the Canary Islands, Recife, Asuncion and landing in Santiago.

The communique ends by stating that these aircraft will be used by Air Force squad No [word indistinct] of Air Brigade No 2 headquartered in Santiago.

BRIEFS

TRADE FIGURES -- The Central Bank has reported that the trade balance had a surplus of $74 million during the first 9 months of 1982, The Central Bank report states that exports totaled $2.89 billion and imports amounted to approximately $2.8 billion during this same period. Similarly, the report states that the balance of payments currently has a deficit of $946 million and international reserves amount to approximately $2,675,000,000. [Text] [Santiago Domestic Service in Spanish 2200 GMT 21 Oct 82 PY]

FOREIGN MINISTER CONFIRMS REAGAN VISIT

PA270234 Bogota Domestic Service in Spanish 1730 GMT 26 Oct 82

[By Elvira Sanchez]

[Excerpt] Foreign Minister Rodrigo Lloreda Caicedo today confirmed President Ronald Reagan's announced visit to Colombia. Referring to this, he said that Colombia will be very pleased to receive President Reagan. He said that the President will arrive in Colombia on 3 December. The foreign minister spoke to newsmen as he left Narino Palace.

[Begin recording] [Lloreda Caicedo] For us it was a surprise because, as you know, the initial announcement was about a visit by Secretary of State Shultz. Apparently when this was discussed at the level of the State Department the possibility of having President Reagan visit Latin America was brought up. The Colombian president was duly informed about this possibility, and since the United States is a country with which we maintain cordial relations, we had no objection. On the contrary, it will be very pleasant for us to receive President Reagan. He is apparently coming to talk informally with the presidents of the countries he will visit. The date for his arrival in Colombia has been initially set for 3 December.

[Question] What will Colombia bring up during the talks, even though as you say they will not be official talks?

[Answer] It will be basically a dialogue between the presidents. In the next few weeks the U.S. Embassy and the Colombian Government will study the agenda or subjects that might be discussed with the U.S. President.

[Question] What would those subjects be?

[Answer] I do not want to anticipate myself on this, because it will depend a lot on the way in which the visit will be held and on whether there will be an opportunity to speak with his advisers about what subjects should be discussed. It all depends on the program. If the program leaves room for expanding some subjects, we will do so. If the program is limited to a personal contact between the two presidents, then obviously it has to be carried out at that level.

[Question] Do you think this visit is necessary for the United States to (?improve relations) in Latin America damaged by the Malvinas conflict?

[Answer] That is the impression that exists. As a result of that situation, and through the information that the United States has about the situation in Latin America, it has taken much interest in obtaining firsthand knowledge about the political situation and climate as a result of the U.S. intervention in that case and others. [end recording]

PRESIDENT BELISARIO BETANCUR'S 25 OCT SPEECH

PA260415 Bogota Domestic Service in Spanish 0206 GMT 26 Oct 82

[Speech by Colombian President Belisario Betancur on 25 October; place not given -- recorded]

[Excerpts] Above all, I have to confess that we are full of national pride because the Nobel prize for literature was awarded to Gabriel Garcia Marquez. They recognized his intelligence and rewarded him for individual effort, and we know that this reward is well deserved by a fellow countryman who wants all Colombians to feel that this prize is a triumph of our country, a triumph of all Colombians. Here we have many good things. But in many cases we still have to realize that to take advantage of these good things we have to work with perseverance; seriously and with discipline.

Let us talk now about our problems. I don't believe that the civic strikes are born arbitrarily as the exclusive work of foreign agitators and opportunists. Most of the time these strikes are due to the people's despair, because they are lacking services, because these services are deficient or because of price increases that were not previously discussed with the community to make them understand that these increases are necessary -- Not so much as a business for the public enterprises but to provide for the works that the towns need, the good services.

We will not allow any more sudden increases; gradual, slow, is normal. We can't hold back on these increases, because we would risk a halt in services, causing enterprises to go bankrupt, and in general we would be risking a halt in the economy and national production. But I do want to be very clear and emphatic: Just as we are making all kinds of sacrifices within the government -- and we will continue with this policy, giving you examples of austerity and hard work -- we also expect all who appreciate what we are doing to tighten their belts. The whole country, those who have and those who don't, are willing to cooperate to overcome the situation. Those who don't will sacrifice more -- they are hit harder -- and this is not fair.

We, as keepers of the welfare of society, will only be able to authorize part, not all, of what is requested. Once the situation has gone back to normal -- that is, when the country recovers its economic rhythm, the process of adjustment between price and income will be more reasonable and therefore more tolerable and will accommodate everyone's convenience. The government will always keep in mind increasing the purchasing power of all wages, of the salaries that you will receive.

I am making this request to the unions also. If we are ready to put an end to all increases [words indistinct], then there must be understanding and an alalysis among the magnificent unions existent in Colombia. These unions, with their merits, strength, seriousness and responsibility, still don't protect a great number of workers. These workers are left out. They have no voice or organization to defend them. We will help them with the minimum wage so that they will not remain in this unbearable squeeze. The government knows that in practice the desire to cooperate will be proven so that we can get out of the swamp we find ourselves in. Fundamentally, this means that we must all fight inflation, which takes from us more than we have earned in battles that apparently favored only some groups. Now that this has been admitted, I ask for serenity and reflection. Don't complicate matters more than they are through the use of violence.

We are working very hard with Dr Morales Benitez to be fair with the people. But, of course, we need time because we can't accomplish, in the space of a minute, that which should have been done long ago, years ago, in fact.

On the other hand, the maintenance of public order, cordiality between the government and those with authority over it, its owners -- you -- is a mutual and reciprocal relationship; a two-way relationship, here to there and there to here; and I will make sure that this two-way relationship is not lost and, above all, that it is respected. But once again I ask you for serenity, I ask for understanding. I ask that this good will among all continue, so that we may face and overcome the enormous problems that we are working day and night to solve, and do so with justice and honesty.

Speaking of solutions, I have spoken for years of the need to create a public service bank that will attend, exclusively and in a planned manner, to the needs of the municipalities, or the small communities, the villages. A bank that would improve services, direct the collection and use of funds, direct costs and check rates. With such a bank -- properly funded internally and externally and with board members who would be real representatives of the community -- especially of the so-called province -- the municipalities and the small communities would be able to attend to their needs more quickly. It does not mean that we will create another entity; we will use one of the current institutions that has served and will continue to serve the general public.

As the various problems are solved, everything will have a greater drive. Let us not forget that if there is no solid foundation for the implementation of proposals, the best ideas will remain just that -- ideas and nothing else -- and we will have only frustration and disappointment. No one wants this and I am the first to admit that I certainly don't. You have been able to see how, in the political area, I have kept my promise; the control of public offices is in the hands of a Liberal minister; the office of attorney general is in the hands of a Liberal; the comptroller is a Liberal; the electoral branch is also in the hands of a Liberal. Thus, we are keeping our promise to you.

Because of this promise, we have worked hard and enthusiastically for peace. The initial results have already been seen in Congress and tonight I wish to thank the Senate and the Chamber of Representatives, on behalf of all Colombians, for the serious manner in which they have worked and are still working to ensure the success of the amnesty law in this first round of discussion at the Chamber.

In any case, whatever should happen and wherever decision Congress may reach, the president of the republic will continue to receive the same salary that he receives today. I will not accept any readjustment, and in this way I will be an example.

The currently anticipated inflation figure for the first 12-month period is between 27 and 30 percent. Let us try to lower this, to reduce it to 20 percent; and then in the next 12-month period we should all continue to try to reduce it by 14 percent. Of course, I know that this is not easy; it is a difficult task, but it is fundamental.

And now, in conclusion, since we are defending the people's welfare and since we know that we cannot waste [words indistinct], I announce to my fellow countrymen that the president of the republic has decided that the 1986 World Football Cup will not be played in Colombia. This decision was made after the matter was discussed democratically with the ministers and [words indistinct]. In this case the golden rule was not broken. We have many other things to do here and there is no time to spend on World International Football Federation (FIFA) extravagance. Garcia Marquez well compensates for what we lost [words indistinct] with the World Football Cup. Good night.

FOREIGN MINISTER COMMENTS ON AREA RELATIONS

PA270310 Madrid EFE in Spanish 0356 GMT 26 Oct 82

[Text] Bogota, 25 Oct (EFE) -- Colombian Foreign Minister Rodrigo Lloreda Caicedo, analyzing the new government's foreign policy, has said that conditions do not exist for the reestablishment of diplomatic relations with Cuba.

"Colombia will establish relations with Cuba when that country respects our constitutional regime," Lloreda Caicedo said during the "Experts and Politicians" program of the "Radio Todelar" network. The foreign minister said "it is better to be patient and not rush, because the conditions still do not exist for a decision of this kind."

Lloreda admitted that there exists "a more cordial climate" in relations between the two countries, but he ruled out an immediate resumption of relations.

In addition, he said that any agreement on the border dispute between Colombia and Venezuela must result from a consensus on both sides.

Regarding a foreign ministers' meeting prior to a meeting of Latin American presidents proposed by President Belisario Betancur, Foreign Minister Lloreda announced that the foreign ministers' summit would not be held in Panama as scheduled.

"It will not be held there due to Panama's internal problems. We are studying another place for the meeting to be held early next year," he said.

Colombia is trying to reach an agreement with Venezuela so that all the Latin American heads of state can meet in Cartagena de Indias, but the neighboring country is planning another conference on the occasion of the bicentennial of liberator Simon Bolivar's birth. Speaking about relations between Colombia and Nicaragua, Lloreda said that the two countries grew closer when Colombia voted in favor of Nicaragua taking a seat on the UN Security Council.

During a press conference with Colombian and foreign newsmen upon his arrival from Mexico, where he attended the ceremony in which Gabriel Garcia Marquez was decorated with the Mexican order of the Aztec Eagle, the Colombian foreign minister also explained that "Colombia's entry into the Nonaligned Countries Movement would take place before the end of the year." Referring to the arms buildup, Lloreda said that this is "a universal phenomenon, which has increased in Latin America since the Malvinas conflict." He said that Colombia is concerned about this because "a country like ours with thirteen borders [as received] never knows when problems will arise."

"Our armed forces have a tradition of being well organized, with good soldiers, but they are lacking in equipment. It is true that Colombia does not have good enough defenses, and we must improve our military equipment," the foreign minister said. Lloreda added that they are studying ways to modernize Colombia's ground and air forces.

In conclusion, Lloreda spoke about Colombian-Venezuelan relations. He asked the government in Caracas to "be more reasonable and willing, so that what happened in Venezuela does not occur in Colombia. [sentence as received] The people in Venezuela adopt positions that exceed the traditional bounds."

M-19 SPOKESMAN ON AMNESTY DECISION PROCESS

PA261946 Bogota Emisoras CARACOL Network in Spanish 1215 GMT 26 Oct 82

[Text] Bogota -- The Political command of the 19 April Movement, M-19, warned the nation today that it cannot guarantee that all of its members will return to a normal civilian life.

Attorney Ramiro Lucio, member of the M-19 political command, said that the return to civilian life of those who currently belong to the guerrilla movement and their acceptance of the amnesty offered to the rebels can only be decided upon at a meeting of the superior command. We, the members of the political command, are only a practical vanguard group seeking to establish peace. The final decision must be made by the movement's top hierarchy. Lucio made this statement in explaining the resumption of activities by some groups that presumably belong to the M-19.

ECOPETROL REPORTS INCREASED OIL PRODUCTION

PA230437 Bogota Domestic Service in Spanish 1730 GMT 22 Oct 82

[Text] The highest oil output in 6 years was recorded in September, with an average of 144,679 barrels per day produced by the Colombian Petroleum Enterprise, Ecopetrol, and seven other oil companies associated with Ecopetrol.

Ecopetrol has issued a report on daily production from June to September 1982. The report showed a sustained production increase in those months and also showed that the oil industry has been recovering since last year.

Ecopetrol also reported that 174 wells were drilled in September; 108 are already producing and 66 are still in the exploratory stage. Of these 108 wells, Ecopetrol drilled 37, 42 were drilled in joint operations, and 29 were drilled by other companies. Of those still in the exploratory stage, Ecopetrol drilled 11, and the other 55 were drilled in joint operations.

HUNDREDS DETAINED, FINED FOR CURFEW VIOLATIONS

PA261743 Quito Cadena Ecuador Radio in Spanish 2300 GMT 25 Oct 82

[Excerpt] According to Police Chief (Hugo Salvador), some 500 detainees have been registered so far at the police headquarters in Pichincha. He said most of these people were detained for violating the curfew and have been tried by the sixth penal commissar. Finally, he indicated that the detainees will have to pay fines of 240 sucres and will serve 1 to 7 days in jail.

COMMISSION ASKS HURTADO TO END EMERGENCY STATE

PA261801 Quito Voz de los Andes in Spanish 1130 GMT 26 Oct 82

[Text] The national Chamber of Representatives' multiparty commission, which was created to study the country's current socioeconomic crisis, decided last night to ask the Ecuadorean president to immediately lift the state of emergency that was established on Wednesday, as the causes for it no longer exist.

Commission Chairman Blasco Pena Herrera said that they also decided to request that the government lift the sanctions imposed on Radio Noticias of Quito and Radio Centenario of Guayaquil; that it work to solve the transportation problem without delay, in view of the serious effects it is having; and that it order the release of all who were arrested during the street disturbances and revoke any arrest warrant issued against labor and student leaders. The multiparty commission's proposals are included in an official communique that was sent to Government Minister Galo Garcia Feraud last night and signed by the commission chairman.

MONETARY BOARD PRESIDENT ISSUES COMMUNIQUE

PA261809 Quito Cadena Ecuador Radio in Spanish 2300 GMT 25 Oct 82

[Communique released by Ecuadorean Monetary Board President Jose Antonio Correa, date not given -- read by announcer]

[Text] Upon returning to Quito after participating in the renegotiation of Ecuador's public foreign debt, I would like to report the following to the country:

The process of renegotiation was initiated in New York on 18 October, with presentations on Ecuador's economic situation and on the structure and profile of our public foreign debt by the president of the monetary board, the finance minister and the general manager of the Central Bank. The presentations were made before all of our creditors, some of which were represented by several people. Some 200 bankers were in attendance.

The 18 October meeting ended with the formal designation of an action committee composed of nine banks; one from England, five from the United States, one from Canada, one from Germany and one from Japan. From the moment of its creation, this committee has been in charge of negotiating on behalf of all our creditors, though its decisions are subject to final agreement on the terms and conditions established during the negotiating process. As an initial step, the action committee has designated three subcommittees to review the Ecuadorean delegation's economic presentation and the credit contracts currently in effect with all of the creditors, and to reconcile the balance of the country's debt with each of the banks on the basis of the information they individually submit.

It will take several weeks to complete this process of economic and credit analysis, of legal analysis and of accounting analysis. For this reason, the next meeting between the action committee and the Ecuadorean negotiating commission will not be held before the last week in November.

I have been asked whether I have returned with favorable impressions of the negotiations' beginnings, and my response is completely positive; not only on the basis of the commission's impressions but also because of the many honorable reactions that we have received, directly or indirectly, from participating bankers.

We sought to give the bankers a serious, professional and balanced impression of the Ecuadorean reality: our economic problems, the measures that are being adopted to solve these problems and the international banks' prospects of continued operations with Ecuador, once the foreign debt, which is currently being reduced, is rationalized.

We succeeded in demonstrating that Eduador's economy is viable and that once the immediate problems are overcome Ecuador will continue to be a good credit risk and will maintain relations with the banks characterized by punctual payments and respect for its obligations, in accordance with Ecuador's tradition. We had the chance to express our hope to the bankers that the flow of capital to Ecuador will be normalized in future with both the public and private sector, since a restriction on credit generated by an unjustified distrust that is based on a lack of capital might have regrettable consequences for both the country and the international private banks, who have offered us their trust and accorded us liberal credit policies for many years.

I have been asked why the government decided to negotiate with all of the banks at once, rather than with a small group initially, after which it could approach all of the banks together, once some agreement had been reached. The answer is that this is exactly what was done; before calling the meeting on 18 October, we held very serious and thorough discussions with the country's largest creditors in Toronto, New York and Quito. It was in full agreement with them that we decided not to further delay the presentation before the entire group of creditors. This strategy was not improvised. On the contrary, it was perfectly meditated and consulted.

The renegotiation that has now begun will culminate with a satisfactory agreement for the country's interests. Naturally, we must first go through a delicate and very important process for the country's economic stability. We expect the broadest and most understanding attitude from all Ecuadoreans, particularly from the communications media.

As with any other negotiation, it is not possible to conduct this one in public. Interbanking negotiations are confidential. Within this framework of confidentiality, we will keep the line of information with the communications media open, so that we can explain to them, as I have done today, the keynotes of the process.

As for myself, I appeal to you to overcome impatience and nervousness, which might spread abroad and damage the negotiations process. I can assure you that the negotiating commission is aware of the grave responsibility bestowed upon it by the president of the republic, and that it is fulfilling this responsibility with total dedication to the nation's interests, which are at stake.

[Signed] Dr Jose Antonio Correa, president of the Monetary Board

LEFTIST PARTIES DEMAND SPECIAL CONGRESS SESSION

PA221800 Havana International Service in Spanish 1600 GMT 22 Oct 82

[Text] Press dispatches from Quito report that normalcy apparently began to return to Ecuador today following the 24-hour strike called yesterday by the United Workers Front to protest the recent price hikes decreed by the government. The dispatches add that during the nationwide protest strike, demonstrations were staged in Quito and three other Ecuadorean cities and they were subdued by the police at a cost so far of two dead, dozens injured and hundreds arrested.

The workers also staged a demonstration in Quito to protest the arrival of an IMF delegation early this week. The members of the delegation are visiting to renegotiate the length of time Ecuador has to pay $140 million of a total foreign debt of $5.2 billion.

For their part, the Communist Party of Ecuador, Revolutionary Socialist Party of Ecuador, and the Workers Revolutionary Movement issued a joint communique demanding that a special session of Congress be convoked immediately to repeal the economic measures implemented by the government last week and to judge the actions of the ministers of the so-called economic front.

RADIO HAVANA VIEWS STATE OF EMERGENCY SITUATION

PA212216 Havana International Service in Spanish 1600 GMT 21 Oct 82

[Text] Under the state of emergency and in the midst of a tense sociopolitical situation, the Ecuadorean United Workers Front, with some 300,000 members, began a 24-hour strike today to demand that the economic measures recently approved by the government be revoked.

In the meantime, President Oswaldo Hurtado suspended all constitutional rights, declared the country a security zone and decreed a curfew to counter what he termed internal national unrest.

Demonstrations on Monday and Tuesday in Quito and Guayaquil were harshly put down by the police, as were those in the city of Latacunga, Cotopaxi Province, where the police dispersed demonstrators with tear gas.

An IMF mission is still in the country, talking with government officials about refinancing a part of the country's foreign debt, which is over $4.6 billion.

Government Minister Galo Garcia accused Vice President Leon Roldos of being one of the promoters of the country's political crisis. Roldos recently said that the approximately 126-percent hike in prices on gasoline and wheat not only eliminates the state's subsidies, but leaves the government with a profit.

WORKERS PEACEFULLY OCCUPY POLISH EMBASSY

FL262022 Mexico City NOTIMEX in Spanish 2010 GMT 26 Oct 82

[Text] Mexico City, 26 Oct (NOTIMEX) -- The Revolutionary Workers Party [PRT] has claimed responsibility for the occupation of the Polish Embassy in this city in a communique released to the national press.

The PRT, which a few days ago received its permanent registration, explained that it had decided to occupy peacefully the Embassy of the Polish People's Republic as a demonstration of solidarity with the Polish working class. It added that this is the first in a number of activities the PRT will organize to form a broad movement of Mexican workers in solidarity with the Polish workers and people. The PRT did not specify what type of activities it will organize or when the embassy will be vacated.

Five of the nearly 40 PRT members who seized the embassy this morning (1130 local time, 1730 GMT) are still inside. It has been learned that up to this time the diplomats have not requested assistance from the Mexican Foreign Secretariat.

On another subjects, the PRT has announced it will hold a mass rally this afternoon in front of the Soviet Embassy in this city, also in support of the Polish workers.

Occupation Ends

FL271030 Mexico City NOTIMEX in Spanish 0404 GMT 27 Oct 82

[Text] Mexico City, 26 Oct (NOTIMEX) -- The Polish Embassy in Mexico was peacefully vacated by its occupiers today but a discreet police guard has been posted to prevent any new occupation attempts.

Francisco Cuenca Sayago, chief of the area of the Villa Alvaro Obregon delegation, said that five of the members of the Revolutionary Workers Party who formed a committee of the 40 plus persons who gathered outside of the embassy, left after delivering a communique to the diplomatic personnel.

Cuenca Sayago said the Polish Embassy had closed its doors at 1600 without incident. The groups that had gathered on the streets of Cracovia in San Angel have also dispersed without need for police intervention.

BRIEFS

COMMISSION CONFIRMS, CANCELS PARTIES -- Mexico City, 22 Oct (NOTIMEX) -- The Federal Electoral Commission of the Secretariat of Government today canceled the registration of the Authentic Party of the Mexican Revolution (PARM) because it failed to attain the required 1.5 percent of the national vote in the 4 July election. At the same time the commission confirmed the Revolutionary Workers Party (PRT) since it got 1.76 of the vote in the last election. The commission postponed canceling the Social Democratic Party (PSD) as a legal political party although the PSD also failed to attain the required 1.5 percent of the vote because it filed a writ of habeas corpus against cancellation. The commission reported it was aware that the PARM had also filed a writ of habeas corpus against cancellation. [Mexico City NOTIMEX in Spanish 2025 GMT 22 Oct 82 FL]

BELIZE

DEFENSE MINISTER ON DIRECT TALKS WITH GUATEMALA

FL262059 Bridgetown CANA in English 2044 GMT 26 Oct 82

[Text] Belmopan, Belize, Oct. 26, CANA -- Belize is unlikely to resume talks aimed at solving its territorial dispute with neighbouring Guatemala unless the Guatemalan Government recognises the political independence of this former British colony, Minister of Defence and Home Affairs Carl Rogers has said.

"I want to make it perfectly clear," he said in a radio interview, "that unless we get over the question of recognition I don't think (the Guatemalans) are going to talk to us directly, and the only way we can have talks is if they are direct talks."

Guatemalan President Rios Montt, who seized power in a coup last March, said he did not recognise Belize's independence, achieved just over a year ago.

The Guatemalan foreign minister, Eduardo Castillo Arriola, said Guatemala would try to reopen discussions with Britain aimed at a settlement of his country's long-standing claim to Belize. Negotiations ended in a stalemate more than a year ago.

Mr Rogers said the onus on having the negotiations reopened rested with the Guatemalans, since Belize had lived up to its word when it signed the "16 heads of agreement" that were to have provided the basis for a negotiated settlement.

The framework was signed in March, 1981 by Britain, Belize and Guatemala. It gave Guatemala access to a section of the continental shelf off Belize and the use of two Belizean atolls when Guatemala dropped the territoiral claim.

But progress towards a formal treaty broke down over what use would be made of the atolls, with the Belizeans claiming Guatemala wanted to turn them into military bases.

Mr Rogers said: "Any attempt to talk with the Guatemalans is always spurned by them.

"They now say that they recognise the independence of Belize as a fait accompli."

Mr Rogers also said that he supported the statement of the United Nations Secretary General Javier Perez de Cuellar calling for serious efforts to "reinforce the protective and preemptive ring of collective security which would be our common shelter and the most important task of the United Nations."

COSTA RICA

OPPOSITION LEADER ON PURPOSE OF REAGAN VISIT

PA261706 Managua Domestic Service in Spanish 0300 GMT 26 Oct 82

[Station interview with Humberto Vargas Carbonell, leader of the Costa Rican Popular Vanguard Party -- live relay from San Jose]

[Text] [Question] What is your party's opinion of the announcement made by the Costa Rican president tonight that the U.S. President will visit Costa Rica in response to his invitation, particularly in view of the great tension existing in the Central American area, the latest popular attitudes in Costa Rica and the pressures that the U.S. Government has been exerting in the area?

[Answer] This visit is, of course, a source of great concern, not only to the revolutionary sectors but to the broad democratic sectors of Costa Rica. As is well known, an attempt is being made to express the aggressive policy of U.S. imperialism, of the Reagan administration, through Costa Rica, by forcing it to become militarized and to join the aggressive chorus against the Nicaraguan revolution and against other peoples in Central America.

Thus far, this policy has met with great resistance in broad popular sectors and even in some sectors of the ruling party. However, I think that all of us can justifiably fear that Reagan's is intended to bolster the plan to militarize Costa Rica and to turn it more clearly into a tool of aggression against the Costa Rican people, against the fraternal peoples struggling for their liberation and particularly against Nicaragua's extraordinary and glorious Sandinist revolution.

[Question] According to the statement released this afternoon, both Costa Rican President Luis Alberto Monge and the Foreign Ministry indicate that Reagan's visit, scheduled for 4 November [as heard], is an honor to Costa Rica and the Central American area. Does your party agree?

[Answer] Naturally not. A visit by Reagan is not an honor to anyone, certainly not to a people like the Costa Ricans, who are in solidarity with the Central American peoples. In addition, they are a people who want to live in peace, who deeply love peace. Therefore, nobody will feel proud here at a visit by Mr Reagan. On the contrary, I think that the Costa Rican people will become even more alert in the face of this visit. Of course, this will not be a visit of protocol, because Reagan would have no reason to pay such a visit to a poor, small country that, as a matter of fact, has always been slighted by the sectors Reagan represents.

Rather, this visit is part of imperialism's aggressive plans. There is no doubt that their interest is in further exploiting our people. As you know, an economic project is currently underway. It really represents the surrender of the mineral wealth, of the hydrocarbons, which are being intensely researched, to the U.S. monopolies. There are also plans to build a new interoceanic railroad -- styled as the dry canal -- an oil pipeline from the Pacific to the Atlantic and a plan to establish a financial district. It is already being said that military bases would be required to defend the railroad and the pipeline.

This entire project, which is being mentioned so casually, is nothing but an expansion of the neocolonialist process in Costa Rica. Naturally, the Costa Rican people are not pleased at the possibility that this may happen, and the imperialists will not find it easy to develop a greater grip on our people. The people know how to struggle and resist.

At this very minute a huge strike is being staged by the banana workers. They are struggling against the Del Monte monopoly, which is called Bandeco in Costa Rica. The strike is almost 40 days old and neither hunger, nor the police nor the imperiousness of the government and the monopoly have succeeded in subduing the workers. I mention this because it is an indication of our people's capacity to resist North American imperialism.

[Question] How could the political crisis in Central America be affected by Ronald Reagan's visit to Costa Rica, especially after the recent Central American foreign ministers meeting in San Jose?

[Answer] The situation could get considerably worse because as is well known, knowledgeable people and sectors of both Central America and the entire Caribbean area have enthusiastically greeted all of the peace proposals, such as the joint proposal from

Mexico and Venezuela, Commander Daniel Ortega's proposal to the United Nations and many others of lesser importance. There is also the Salvadoran revolutionary movement's proposal. At the same time that it is fighting in the mountains it is proposing a negotiated political solution to the Salvadoran conflict. It is the Reagan government, and Reagan himself, that has blocked all of these proposals. There after Reagan's visit, and the political objectives that it necessarily entails, the situation in Central America could become much more tense. This is linked to perfectly well known aggressive plans. Some reactionary sectors are even boldly mentioning dates on which to attack the Nicaraguan people. Is Reagan's visit linked to all these peace-blocking plans and to the beginning of aggression in Central America? I think that anyone can rightly say yes. That is why it is possible that the situation will become more tense.

[Question] The people will not be pleased by this gentlemen's visit to Costa Rica?

[Answer] The real people of Costa Rica will not be pleased, because the real Costa Rican people love the fatherland and Reagan is our enemy.

EL SALVADOR

GUILLERMO UNGO PRESENTS 5-POINT PEACE PROPOSAL

PA270426 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 27 Oct 82

[News conference by Dr Guillermo Manuel Ungo and Commander Ana Guadalupe Martinez, members of the FMLN Revolutionary Democratic Front political-diplomatic commission, to present the proposal for a dialogue to achieve peace in El Salvador; held in Mexico City on 26 October -- recorded]

[Text] [Ungo] Thank you for (?coming). The objective of this news conference is to inform the international public about a proposal for a dialogue recently presented to the Salvadoran Government through the bodies that hold power -- the executive branch, the Constituent Assembly and the Salvadoran Armed Forces -- [word indistinct] qualified intermediaries, from the National Directorate of the Revolutionary Democratic Front [FDR] and the FMLN.

This proposal reflects national and international concern and interest in finding paths for a solution to the Salvadoran conflict. This proposal represents the unanimous position of all the groups [words indistinct] that make up the FMLN and the FDR, and it consists of five points:

1. That the FDR and the FMLN, on the one hand, and the executive branch, the Constituent Assembly, and the Salvadoran Armed Force, on the other hand, should promptly begin a direct dialogue, without prior conditions, aimed at finding paths that will lead to the establishment of peace and social justice in El Salvador and which will help to ease tension in the Central American region.

2. That the two parties should designate representatives with full power for this purpose.

3. That a good offices group should be formed to organize and facilitate the dialogue, and to serve as a liaison between the two parties so that they can jointly reach an agreement on matters regarding the procedures to begin and develop the dialogue.

4. That the parties, along with the good offices group, should make a study to see how other national sectors can be included as participants in the dialogue. Among these sectors we can mention the following: political parties, labor, peasant and workers organizations; private business associations; religious sectors; universities and vocational schools and other organized sectors interested in contributing their valuable assistance to help solve the conflict.

On this subject we would like to recall that the head of the Salvadoran Catholic Church said on Sunday that this was basically a conflict that the principal parties had to solve, but that it affects all of El Salvador's social sectors.

5. That as proof of mutual good will and seriousness, and to help achieve positive results, the dialogue should be held in presence of completely trustworthy witnesses, who could be Salvadorans or foreigners, as agreed upon by the two parties.

We would like to make it very clear that this dialogue that we propose is an instrument to seek paths for a solution, paths that will lead to formulas for a negotiation. It is a starting point, but it is not, in itself, negotiations. It is a way to open a door to seek a different route to try to resolve the war and the conflict in El Salvador.

Commander Ana Guadalupe Martinez is going to explain how we decided on the context in which to present or have presented this proposal for a peace dialogue to the Salvadoran Government. Let us [word indistinct].

[Ana Guadalupe Martinez] To begin with, I would like to say that this proposal for dialogue...[someone interrupts saying that he can't hear] to complement the description of the proposal for dialogue that Guillermo Manuel Ungo has made, I would like to say that first of all it is a rational proposal and, as he said, the main objective is to seek a path that will lead to peace, a just and honorable peace, because it is in defense of the people's interests and its starting point is not a surrender or an elimination of one of the parties.

The current situation in the interior of the country is very favorable for us in the military sphere. We are going to recall the statement made by the archibishop's representative last Sunday during his sermon, when he said that it has been a military offensive [words indistinct] and that the results show that the revolutionary movement, the FMLN, is strong.

During these past few months we have recovered -- in the past 14 months we have recovered -- 960 weapons of war, including both light and heavy weapons. We have captured 275 prisoners, among them two lieutenants, one captain and one colonel. Almost all of them have been released; some directly handed over to the International Red Cross, others released at the time of their capture. The only prisoner we have kept is Colonel Castillo. In these past months we have also disarmed more than a battalion of the Salvadoran Army.

We also have information from reliable sources that there are many desertions within the ranks of the army, and that these are growing more frequent each day. This is a fact worthy of mention. Not too long ago, and for the past 2 years of the war, we were not able to make the soldiers and officers understand that we don't want to annihilate the army; so the fact that recently soldiers have begun surrendering instead of facing death is very important. If you review the recent news you will see that in this past month more than 105 soldiers chose to surrender rather than fight. This is a very important fact because our proposal is winning supporters within the army, because they are realizing that our forces don't want to annihilate the army but are only seeking social justice; and since these soldiers are part of the people, this social justice is also for them.

I have given you these facts because our proposal is being made at a time when the situation is favorable for us. I would like to recall statements made in the past by Colonel Garcia, Colonel Flores Lima and other army officials who have said that the FMLN was about to be annihilated, and that we amounted to only a few isolated groups in the mountain areas of El Salvador.

I would like to reaffirm that our proposal, which we can say is a rational proposal, is being made at a time when the situation is favorable for us in the military aspect.

I think that Ungo will now review for you the internal political situation, which also has to be studied because it is not as coherent as they want you to believe.

[Ungo] In the present context we consider -- not only in the terms that Commander Martinez has explained, but in political terms, both domestic and international -- that there are possibilities for the development of this proposal. The Salvadoran Catholic Church, with the backing of Pope John Paul II, expressly addressed the bishops conference a few weeks ago in favor of a search for an understanding between the opposing parties. Not only the religious, but also the social, economic and political sectors are becoming more aware of the need to find a viable alternative, which is being presented in the form of a dialogue to attain negotiations.

The validity of what was charged in this very location in April, in the name of the FDR-FMLN political commission, regarding the results of the March elections -- that elections held in an antidemocratic, repressive and war atmosphere could not constitute a solution to the conflict -- is being accepted more and more, This statement is acquiring more validity and acceptance in the different social and political sectors of El Salvador, both outside and within the government.

Also on the international level, we recently received from regional countries several statements of concern, proposals and positions, beginning with the letter that the presidents of Mexico and Venezuela sent to the presidents of the United States and Honduras and to the coordinator of the Nicaraguan Government junta, which is in the same spirit of a search for paths of understanding. Other [word indistinct] positions regarding the Salvadoran conflict are those of the president of Panama and the president of Cost Rica, who consider that it affects the peace, stability and tranquillity of the region.

From part of the Third World, in Latin America and in Europe, we are seeing these same statements, concerns and desires to collaborate. They point out the need for an understanding to try to find a solution to the Salvadoran conflict.

Therefore, we feel that this is a gesture, an action, a specific political fact, that can promote a faster and better development of these national and international concerns and interests and political desires.

To conclude, we would also like to take advantage of this news conference to denounce the arrest and demand the release of the fellow members of the FDR National Directorate who were arrested by the Salvadoran security corps a few days ago. On this subject, we also consider that it is our legitimate right to struggle by all possible means to achieve the freedom of these companeros, and to place the blame on the sectors of the government that [words indistinct] the apostolic administrator of San Salvador, Monsignor Rivera y Damas, said on Sunday, (?urging) the rightwing to accept the desires for a dialogue and understanding.

We are not willing to fall into this trap [as heard], but at the same time we believe that this proves the validity of our stand that [words indistinct] to seek an integral and overall solution to the real, present, and actual problems that involve our country and also the region.

D'Aubuisson Rejects Dialogue

PA270054 Panama City ACAN in Spanish 0003 GMT 27 Oct 82

[Text] San Salvador, 26 Oct (ACAN-EFE) -- Maj Roberto D'Aubuisson, president of the Salvadoran Constituent Assembly, stated today: "We will permit neither dialogue nor negotiations with the criminal groups of the Revolutionary Democratic Front (FDR) and the FMLN."

D'Aubuisson said that the "idea of dialogue and negotiations" is a proposal that is totally against national sovereignty and dignity. Therefore, the overwhelming majority of the Salvadoran people are opposed to it.

He added that the FDR and FMLN leaders, on realizing that they were incapable of obtaining political power in the country through force of arms, had begun to promote the idea that they were willing to reach a negotiated settlement to the conflict, which the "minds of the assassin Farabundists had created."

Major d'Aubuisson, leader of the Nationalist Republican Alliance (ARENA), added that it would be the "most vile betrayal and the most unspeakable political absurdity" to converse "much less negotiate with those who have sown destruction and mourning among the Salvadoran people."

D'Aubuisson's statements came in the wake of insistent rumors about a possible indirect dialogue between the Salvadoran Government and the guerrillas.

The assembly president said that he does not think that the government could be promoting an attitude receptive to dialogue with the "terrorists."

The ARENA leader affirmed: "We definitely will not negotiate with those responsible for the tragedy of the Salvadoran people, nor will we permit them to make impositions of any kind, because if that were to happen we would be turning over our fatherland in a vile and cowardly manner to communist slavery."

"We will not permit bribes or threats to break our nationalist determination to save El Salvador, because the Salvadoran people are the only ones who have any say in this and the only ones whom we deputies have to obey. Therefore, we cannot overstep the mandate given to us, and regardless of what it costs we are going to fulfill it," D'Aubuisson affirmed.

FDR President Guillermo Manuel Ungo stated today in Mexico that he had presented to the Salvadoran government, armed forces and constituent assembly a proposal for direct dialogue without prior terms.

Ungo affirmed that the FMLN guerrillas "have a favorable military situation, in spite of which they still want to initiate a dialogue," and he noted that the position of the United States continues to be a "key" to it.

DUARTE COMMENTS ON COUP THREAT, PEACE PROPOSAL

PA270302 Paris AFP in Spanish 0048 GMT 27 Oct 82

[By special AFP correspondent Gilberto Lopez]

[Text] San Salvador, 26 Oct (AFP) -- Jose Napoleon Duarte, former Salvadoran president and Christian Democratic leader, has accused Maj Roberto d'Aubuisson, president of the Constituent Assembly, of seeking to weaken Defense Minister Gen Jose Guillermo Garcia and stage a military coup in El Salvador.

The controversial case of Capt Eduardo Avila, who up until last month held the post of attache in the Salvadoran Embassy in Costa Rica, from where he was expelled for being involved in a terrorist attack, has caused D'Aubuisson and Garcia to be at odds ever since the now president of the Constituent Assembly expressed his support for Avila.

Garcia, for his part, accused Avila of being wanted by judicial and military authorities.

The captain was also implicated in the killing of Jose Rodolfo Viera, president of the Salvadoran Institute of Agrarian ransformation, and two U.S. labor officials last year, without his involvement having been proven.

Avila disappeared after hurriedly leaving Costa Rica in late Sepetmber, while his mother published a new demand to General Garcia in which she accused him of "sacrificing valuable elements of our army to obtain the conditioned assistance of the United States."

The conflict between the two militarymen, who hold key posts in the country's political life, could have serious consequences, Duarte stated.

D'Aubussion's strategy, he noted, "is to see how he can weaken Garcia to establish in power a high command loyal to D'Aubuisson and thus destroy the reform process."

"This produces a crisis within the army," the Christian Demoratic leader said, noting that "the military split weakens the army's mobilization capacity" at the very time when the guerrillas have unleashed a new offensive in the country.

Asked about the proposal for negotiations presented today in Mexico by the FMLN and the Revolutionary Democratic Front (FDR), Duarte said that apparently it contains no new elements to make it more attractive than others presented previously.

The former president said that without the FMLN and the FDR "expressing their willingness to lay down their weapons and accept the rules of the democratic game" there cannot be any possibility of sitting down at the negotiating table. The FDR proposal presented in the Mexican capital suggests that talks be initiated with the government, the constituent assembly and the army, without conditions and in the presence of national and international observers.

The Christian Democratic politician also referred to the arrest of five FDR leaders last week in San Salvador, whose arrest was admitted only today by the authorities.

The incident, which until yesterday raised fears that the five kidnapped persons would permanently disappear, prompted a statement by U.S. Ambassador Deane Hinton, who affirmed to the media of his country that he was practically convinced that the Salvadoran military had no responsibility in the capture.

This affirmation was termed "hasty" by Duarte, while he did not dismiss the possibility that the incident might be a new source of confrontation between D'Aubuisson and Garcia.

"The most recent incident could be a ploy to weaken Garcia in the wake of Avila's case," Duarte told AFP.

THREE MORE FDR MEMBERS REPORTEDLY DISAPPEAR

PA270412 Panama City ACAN in Spanish 0149 GMT 27 Oct 82

[Text] San Salvador, 26 Oct (ACAN-EFE) -- The Human Rights Commission of El Salvador (CDHES) has denounced the disappearance in the past few days of three persons whose possible detention might be connected with the capture of important members of the Revolutionary Democratic Front (FDR).

According to the organization, Julio Alberto Rosales disappeared on 14 October while traveling to Santa Ana in the western part of the country together with Luis Antonio Menjivar, the latter was arrested by security corps agents and accused of being a member of the Social Christian People's Movement, which is part of the FDR.

On 18 October, according to the CDHES, David Elias Guardron and Jorge Herrera, members of the National Revolutionary Movement, also disappeared while they were on their way to a meeting of that political party.

Yesterday the Armed Forces Press Committee (COPREFA) disclosed the identity of eight persons connected with the FDR-FMLN who had been arrested but said nothing about the possible arrest of the three additional persons reported missing by CDHES.

Meanwhile, the clandestine Radio Venceremos reported today that the eight persons arrested by security corps agents are at the headquarters of the finance police of this capital, which was the object of machinegun fire from unidentified persons last Friday.

8 Arrested Earlier Identified

PA261409 Panama City ACAN in Spanish 1241 GMT 26 Oct 82

[Text] San Salvador, 26 Oct (ACAN-EFE) -- The Armed Forces Press Committee (COPREFA) has revealed the identity of eight leaders of and collaborators with the organizations that comprise the Revolutionary Democratic Front (FDR) and the FMLN. These people were recently detained in the Salvadoran capital.

According to COPREFA, the detained opposition members include Jorge Alberto Martinez, former secretary general of the National Revolutionary Movement (MNR); and several political and union leaders who are members of FDR-FMLN.

The detained politicians have been identified as follows:

Jorge Alberto Martinez, former mayor of San Marcos and former secretary general of the MNR, a member of the FDR, of social democratic persuasion.

Carlos Alberto Molina, secretary general of the Independent Movement of Salvadoran Professionals and Technical Personnel (MIPTES), another one of the organizations that comprise the FDR; head of the economy department at the now-closed National University and the FDR's political representative in San Salvador.

Jorge Valencia, who, according to the military sources, is a collaborator with both the FDR and the FMLN and is in charge of the two organizations' internal affairs.

Julio Cesar Saravia Martinez, a member of the Armed Forces of National Resistance (FARN), which are also integrated into the FMLN. He was in charge of reorganizing the guerrilla cadres, according to CPREFA.

Victor Jovel, another FARN member, in charge of the union sector.

Berta Alicia Cosme who, according to COPREFA, is another FARN member, in charge of the union movement at the national level.

Mauricio Domenech, a businessman who served as an FDR-FLM courier between Mexico and El Salvador.

Luis Antonio Menjivar, a member of the Social Christian Peoples Movement, a splinter faction of the Christian Democratic Party (PDC) and a member of the FDR.

All of these people were detained between 15 October and 21 October and are currently being held in an unspecified security corps headquarters here in the capital.

According to COPREFA, the detainees will be turned over to a military court to be tried for committing "terrorist crimes."

GUATEMALA

ORPA CLAIMS CREDIT FOR DOWNING ARMY HELICOPTER

PA262154 Madrid EFE in Spanish 0250 GMT 26 Oct 82

[Text] Mexico City, 25 Oct (EFE) -- Guatemala's Armed People's Revolutionary Organization (ORPA) today claimed credit for downing a Guatemalan Army helicopter. This was announced in the Mexican capital by ENFOPRENSA, the Guatemalan opposition's news agency.

The Guatemalan Army had explained in a document delivered to EFE that the helicopter had fallen to the ground on 16 October as a result of bad weather. Five people were killed.

However, according to ENFOPRENSA, "fire from ORPA guerrillas brought down the military helicopter, which had been carrying out counterinsurgency operations in the Toliman Volcano area."

TURKISH CONSULATE ATTACKED TWICE BY TERRORISTS

PA240153 Panama City ACAN in Spanish 0038 GMT 24 Oct 82

[Text] Guatemala City, 23 Oct (ACAN-EFE) -- The police announced today that the Turkish Consulate in this capital has been attacked twice by terrorists.

According to the police report, a group of unidentified men drove past the Turkish Consulate last night and machinegunned the building which, is located in the western part of the capital.

According to the report, the group repeated its action at midnight, when it also threw propaganda leaflets attributed to several leftist organizations.

The police report revealed neither to which organizations the leaflets belonged nor who was responsible for the incident.

The report added that no casualties occurred inside the consulate, where only material damage was reported.

A similar attack was carried out on the Salvadoran Embassy in this capital last September.

That same month a group of peasants who said they belonged to the organization called Survivors of the Highlands [Sobrevivientes del Altiplano] unsuccessfully tried to seize the Colombian Embassy.

HONDURAS

ARMY REINFORCES BORDER WITH EL SALVADOR

PA262138 Panama City ACAN in Spanish 2049 GMT 26 Oct 82

[Text] Tegucigalpa, 26 Oct (ACAN-EFE) -- The border between Honduras and El Salvador has been reinforced by Honduran Army troops to prevent Salvadoran guerrillas or soldiers from crossing it, it was reported officially today in Tegucigalpa.

The Honduran military deployment is intended to defend national sovereignty and protect the lives and property of border region inhabitants, the report added.

For its part, the Salvadoran guerrilla station "Radio Venceremos" reported that the objective of the military reinforcement of the border by Honduras is to support the actions of the Salvadoran Armed Forces against the rebels.

The Honduran report rejects the charge and adds that Honduras "scrupulously respects the principle of nonintervention in the domestic affairs of other states."

"Honduras regrets the bloodshed of our brothers but is not disposed to become involved in the struggles that are not its own," the official report added.

BRIEFS

AMBASSADOR TO MEXICO -- The Government has appointed Sonia Canales de Mendieta to be the Honduran ambassador to Mexico. [Tegucigalpa EL HERALDO in Spanish 18 Oct 82 p 3 PA]

MILITARY COMMANDER'S DEATH -- Col Efrain Zavala Funes, military commander of Olancho, died on 17 October from heart failure in Santa Barbara where he was visiting relatives. [San Pedro Sula LA PRENSA in Spanish 18 Oct 82 p 56 PA]

NICARAGUA

SUPREME COURT MAGISTRATES RETURN FROM USSR VISIT

PA261635 Managua Radio Sandino in Spanish 1830 GMT 25 Oct 82

[Text] Dr Roberto Arguello Hurtado and Dr Hernando Zuniga, the Nicaraguan magistrates of the Supreme Court of Justice, returned to Nicaragua today after an 8-day visit to the USSR, where they exchanged legal experiences with Soviet officials.

Arguello Hurtado said that the Soviet legal system is one of the most advanced and best organized systems in the world, adding that each republic has its own supreme court of justice, rendering it a jurisdictional unit. He said that one of the most impressive aspects is that of human rights in health and education, two of the most advanced areas of human rights guarantees in the Soviet Union.

[Begin recording] [Zuniga] We had many opportunities to gain legal experiences in the Soviet Union. We visited a number of state organizations charged with administering justice and we were able to observe the advanced level of laws, the respect for the law and the administration of justice.

I have to admit that the Soviet Union has one of the most advanced legal systems in the world. The purpose of our visit, of course, was to learn and to avail ourselves of the experience that the Soviets have enjoyed in that field.

[Question] What is the difference between the legal systems of capitalist and socialist nations?

[Answer] Well, the difference derives from the fact that the Soviet system -- that is, the socialist system -- is structured on the basis of a totally different economic concept. [end recording]

BRIEFS

CONSTRUCTION WORKERS TO CUBA -- A delegation of Nicaraguan construction workers recently visited Cuba in response to an invitation from the National Union of Construction Workers of Cuba. The delegation was composed of Alejandro Solorzano, Jose Torres and Oscar Danilo Hidalgo. [Managua LA PRENSA in Spanish 3 Oct 82 p 6 PA]

CUBA DONATES REPAIR MATERIAL -- Corinto -- It has been reported that a Cuban ship arrived here with a donation of material for the construction and repair of Chinandega bridges that were damaged by tropical storm Aleta. The donation consists of 38,000 cement bags, several mixers and electrical equipment for the repair of the bridges. [Managua Radio Sandino in Spanish 1830 GMT 13 Oct 82 PA]

BOATS PURCHASED FROM PANAMA -- The Nicaraguan Governemnt has purchased two cargo boats from Panama, for which it paid a total of $960,000. The boats have a capacity of 4,350 metric tons. The purchase was made for the Nicaraguan Cargo Company, a state-owned enterprise which has already invested $5.5 million in 14 other cargo boats. [Managua Radio Sandino Network in Spanish 1200 GMT 23 Oct 82 PA]

COOPERATION WITH SPAIN -- Managua, 20 Oct (ACAN-EFE) — Fernando Lopez Barranco, assistant general director of international cooperation in the Spanish Labor Ministry; and Constantino Fernandez, secretary of Spain's Labor Ministry Under Secretariat, arrived in Managua to make final plans for the implementation of the social-labor cooperation agreement signed in July between Spain and Nicaragua. [Panama City ACAN in Spanish 1626 GMT 20 Oct 82 PA]

DELEGATION TO SPAIN -- Madrid, 19 Oct (EFE) -- Plutarco Andurai, vice president of the State Council and representative of the Independent Liberal Party; Mariano Fiallos, representative of higher education at the State Council and rector of the Leon branch of Nicaragua's National University; and Alberto Rodriguez, representative of the National Council of Professionals, have arrived in Madrid on a 4-day visit. During their visit they will meet with high-ranking Spanish Government and political figures. [Madrid EFE in Spanish 1301 GMT 19 Oct 82 PA]

MILITARY PROMOTIONS -- By order of the FSLN National Directorate and the Interior Ministry, the following officers were promoted on 15 October to the grade of captian: Ramon Medrano, Evenor Martinez, Bernardo Urbina, Mario Mejia, Manuel Morales, Roberto Gutierrez, Ana Isabel Morales, Fatima Aviles, Mario Sotomayor, Gerardo Arce, Martin Garcia and Juan Maria Martinez. [Managua BARRICADA in Spanish 16 Oct 82 p 5 PA]

CUBA

RODRIGUEZ CONTINUES OFFICIAL VISIT TO GDR

For East Berlin media coverage of the official visit of Carlos Rafael Rodriguez, member of the Communist Party of Cuba Central Committee Politburo and deputy chairman of the Council of State and Council of Ministers, see the GDR section of the 27 October Eastern Europe DAILY REPORT and subsequent issues.

PERU

APRISTA LEADER CRITICIZES ECONOMIC POLICY

PA261751 Havana International Service in Spanish 0000 GMT 26 Oct 82

[Text] Alan Garcia, secretary general of the APRISTA Party of Peru [PAP], has reiterated his criticism of the Peruvian Government's economic and financial policy. Garcia spoke at a rally in the south Andean city of Cuzco.

The young deputy, who was recently elected PAP secretary general, visited Cuzco within a tour of various cities in Peru.

Garcia stressed that the Peruvian Government's mistaken economic policy has caused desperation among the country's poor. The PAP leader also participated in a march to the grave of student (Marco Antonio Mayer de Flores), who was killed a year ago in a clash with the police during a demonstration to protest increased bus fares.

RAPID NEUTRON GENERATOR TO BE INSTALLED

PY252040 Lima EL COMERCIO in Spanish 6 Oct 82 p 1

[Excerpt] The Peruvian Nuclear Energy Institute [IPEN] is going to install a "rapid neutron generator" (the first of its kind in the country) that will allow elements such as nitrogen, oxygen, copper, etc., to be chemically analyzed in a much shorter time.

This generator, which is already in the country, will be installed in a room, which has 1.5 meter-thick concrete walls, that is being built in the basement of IPEN's headquarters.

The implementation of the "neutron generator project" is being made possible thanks to the support given by the International Atomic Energy Agency [IAEA], which is supplying the equipment, the experts for its basic design and operation and the training of professional personnel.

According to Dr Carmen Ruiz de Pardo, technical adviser to the IPEN's presidency, Peru is contributing 80 million sols and the IAEA $80,000.

URUGUAY

GOVERNMENT ORDERS CLOSURE OF WEEKLY OPCION

PY261420 Paris AFP in Spanish 0035 GMT 26 Oct 82

[Excerpt] Montevideo, 25 Oct (AFP) -- It was officially reported today that the weekly magazine OPCION, linked to the Christian Democratic Party, and which promoted the blank vote at the forthcoming internal elections of the parties, was permanently closed by the Uruguayan Government.

OPCION was accused of being the spokesman of illegal political groups, and also of supporting the so-called blank vote committee, whose members are accused by the government of carrying out activities within groups linked to the proscribed leftist Broad Front.

POLICE, MILITARY OFFICERS MAY VOTE IN 1984

PY261815 Montevideo Radio El Espectador Network in Spanish 1600 GMT 26 Oct 82

[Excerpt] Nestor Bolentini, member of the Council of State, has just told this station that the participation of police and military officers on active duty in the electoral process beginning in 1984 will be proposed. Bolentini told El Espectador that this initiative has greater importance now that the armed forces are actively participating in the country's political life.

RIGHTS OF POLITICIANS STANDING TRIAL SUSPENDED

PY270020 Montevideo Radio El Espectador Network in Spanish 1600 GMT 26 Oct 82

[Text] It has been learned that political leaders brought to trial during the past few hours will not be allowed to participate in the internal elections of political parties. This report was released by a high-ranking electoral court source, who added that the electoral court was still awaiting the official report from the military court to adopt the appropriate measures. This measure will reportedly be adopted in accordance with an constitutional provision stating that the political rights of citizens brought to trial for criminal reasons are suspended. These citizens can also be sentenced to prison.

VENEZUELA

HERRERA CAMPINS CONFIDENT OF ARMY MORALE

PA261718 Caracas Radio Continente Network in Spanish 2100 GMT 25 Oct 82

[By Euclides Perez]

[Text] There is nothing in the Cantaura incidents [clash with guerrillas on 4 October] that could affect our armed forces' morale, President Luis Herrera Campins said in a speech delivered at the dedication of Fort (Yaure-Paure) in the El Tigre sector of La Guajira.

[Begin Herrera recording] The policy of pacification has been a constant feature of Venezuelan governments over past years. As president, I have had to adopt a number of measures designed to consolidate that objective. Unfortunately, some groups perfectly situated on the ultraleft refused to accept the democratic invitation to join civilized political activities with full guarantees, which the Venezuelan state and my government offered. They preferred to return to kindle the fire of the guerrillas and of rural violence, intimidating the population, kidnapping producers and identifying themselves with the action groups that tried to carry out their own so-called expropriations in the cities -- namely, holding up banks and financial institutions. Our government is democratic and respectful of the laws of all Venezuelans, because the law is the best protection for all. In the face of threats and outbreaks of violence, however, the government must act in defense of public order, political stability and the citizens' tranquillity. That explains actions such as those that took place in Cantaura, where there was an unfortunate number of victims, mainly among the groups rebelling against the government and the nation's constitution. [end recording]